

F
338.9914
P538a
1936

ANNUAL REPORT
OF THE
DIRECTOR OF COMMERCE
TO
THE HONORABLE
THE SECRETARY OF AGRICULTURE
AND COMMERCE.

1936

(COMMONWEALTH) OF THE PHILIPPINES
DEPARTMENT OF AGRICULTURE AND COMMERCE
BUREAU OF COMMERCE
MANILA

747
ANNUAL REPORT
OF THE
DIRECTOR OF COMMERCE

TO

BALMASEDA COLLECTION

THE HONORABLE
THE SECRETARY OF AGRICULTURE
AND COMMERCE .

FOR THE FISCAL YEAR ENDING
DECEMBER 31, 1936 .

CMB
CORNELIO BALMASEDA
Director of Commerce



MANILA
BUREAU OF PRINTING
1937

33254
pub. by ...
5/4/90

11/20/90

7-13-67

F

332.9914

P538a

1936



LIBRARY
OF THE
UNIVERSITY OF CALIFORNIA
1961

742

TABLE OF CONTENTS

	Page
GENERAL STATEMENT	7
Promotion of Domestic Industries	8
Marketing Aids to Farmers	9
Rural Credits	10
Trade Information Service	10
Supervision of Stock Market	11
Unfair Trade Practices Survey	11
Mercantile Registry	12
FINANCIAL SITUATION OF THE BUREAU OF COMMERCE ON DECEMBER 31, 1936	14
Bureau of Commerce (General)	14
Emergency Rice Administration	14
Rice and Corn Fund (National) as Amended	14
Manila Trading Center and Exchange, Act 4069	14
Comparative Statement of Appropriation	15
Comparative Statement of Expenses	15
Comparative Statement of Income	16
Emergency Rice Administration—Operation Statement from September 26, 1935 to December 31, 1936	18
Emergency Rice Administration—Balance Sheet, December 31, 1936	18
Rice and Corn Fund, Act 2818, as Amended, Operation Statement, January 1 to December 31, 1936	19
Rice and Corn Fund, Act 2818, as Amended, Balance Sheet, as of December 31, 1936	19
Bureau of Commerce—Balance Sheet as of December 31, 1936	21
Manila Trading Center and Exchange—Balance Sheet as of December 31, 1936	22
Manila Trading Center and Exchange—Operation Statement during the period from January 1 to December 31, 1936	24
Manila Trading Center and Exchange—Comparative Statement of Income and Expenditures	25
ACTIVITIES BY DIVISIONS	27
COMMERCIAL INTELLIGENCE DIVISION	27
Publications and Monographs	27
Survey of Foreign Markets	28
Possibilities of Business	28
Government Aids to Commerce and Labor	28
Survey of Domestic Trade and Market	28
Information Service	29
Publicity for the Manila Trading Center	29
Bureau of Commerce Branch of the Scientific Library	29
Important Business Connections	29

COMMERCIAL INTELLIGENCE DIVISION—Continued.	Page
Correspondence Handled and Released	30
Trade Opportunities	30
Letters of Appreciation Received	30
Bills Commented	30
Other Activities	30
MARKETS DIVISION	30
Market Reports	30
Produce Exchange	32
Agricultural Products Sold for the Benefit of Producers.....	32
Merchandise Purchased in Manila for the Account of Provincial Merchants and Retailers	32
Rice Inspection	32
Warehousing Service	33
COÖPERATIVE MARKETING AND PROMOTION	33
Promotion and Organization	33
New Associations Organized	33
Articles Published	34
Supervision	34
In the Cagayan Valley	34
In Leyte	35
In Central Luzon	36
In Batangas, Tayabas and Laguna.....	37
Legislation Affecting the Coöperative Marketing Movement.....	38
Rural Credit	39
Rural Credit Amendments	40
Rice and Corn Fund	43
Bonded Warehouses	43
The Tiu Tho Case	44
The Ampil Case	44
MANILA TRADING CENTER AND EXCHANGE	46
1936 Manila Carnival	46
The Sales Department	46
Educational Division	47
Float	47
The Fifth Floating Exposition	47
Participants	47
Sales	50
Provincial and Municipal Fairs and Expositions.....	51
The Provincial Trading Centers	52
Standardization of Philippine-made Textiles.....	53
Financial Aid to Small Industries.....	54
Demonstration Campaign for New Industrial Devices.....	54
Working out of Definite Plan to Assist the Workers and Small Capitalists in the Mariquina Shoe Industry.....	55
Made-in-the-Philippines Products Week.....	55
TRADE REGULATION DIVISION	56
Registration of Corporations	56
Registration of Partnerships	60

TRADE REGULATION DIVISION—Continued.	Page
Registration of Trade-Marks, Trade-Names and United States Letters Patents	60
Registration of Business Names	65
Registration of Alias Names	66
Registration of Bulk Sales Documents	67
Inspection Work in Manila	67
Inspection Work in the Provinces	68
Inspection of Fertilizers	68
Registration of Fertilizer Brands	69
Licensing and Bonding of Brokers	69
Stock Brokers' Bonds and Fees Increased	71
Regulation of Stock Brokers During the Boom	72
Exchanges Licensed	80
Income	81
THE FIELD SERVICE	82
ORGANIZATION AND PERSONNEL	82
RECOMMENDATIONS	83

APPENDICES

APPENDIX A—Report of the Director of Commerce on the Progress of the campaign, undertaken by the Bureau of Commerce, against unfair trade practices	89
APPENDIX B—Commonwealth Act No. 133 amending Act No. 2508 known as the Rural Credit Law	103

GRAPHS

Revenues from Registration of Corporations, Partnerships, Trade-marks, Etc. (1929-1936)	Page
Number of Coöperative Marketing Associations Registered by year (1928-1936)	17
Monthly Collections—Agricultural Coöperative Fund (1932-1936)	35
Number of Palay and Rice Warehouses Bonded and Licensed by year (1930-1936)	41
Value of Monthly Sales of the Manila Trading Center (1933-1936)	42
Number of Stock Corporations Registered (1929-1936)	45
Capital Invested in Stock Corporations at Time of Registration (1929-1936)	58

Blank Page



BALMASEDA COLLECTION

ANNUAL REPORT OF THE DIRECTOR OF COMMERCE FOR
THE FISCAL YEAR ENDING DECEMBER 31, 1936

January 5, 1937

The Honorable
The SECRETARY OF AGRICULTURE AND COMMERCE
Manila

SIR: I have the honor to submit the following Annual Report of the Bureau of Commerce for the fiscal year ending December 31, 1936.

GENERAL STATEMENT

332547
The year 1936 was, for the Bureau of Commerce, one of unprecedented activity and increased service to the public. One and one-half months before the year began, the Commonwealth Government was inaugurated. The new régime was, therefore, going through its first year during the greater part of 1936, a year in which every citizen felt the afflatus for public service. And so, throughout the year under review this new spirit spurred the Bureau of Commerce to numerous accomplishments. Among the outstanding work done by the Bureau of Commerce during the period are the following:

1. Sale of ₱154,238.06 worth of Philippine products made in the course of the Bureau's campaign to increase the demand for native products.
2. Direct assistance to small farmers in the marketing of their products through coöperative associations promoted and supervised by the Bureau; direct handling of farm products consigned to the Bureau from the provinces; and daily information on prices.
3. Securing of financial aid to small farmers affiliated with coöperative marketing associations.
4. Trade information service in which no less than 4,500 commercial inquiries received from the public were answered during the year, not including those directly attended to by commercial agents in the provinces.
5. Supervision of stock brokers and the stock market after the present mining boom started, the Bureau having investigated

no less than 62 complaints from the investing public, issued more stringent rules for brokers, and attended to the registration of 191 new mining corporations.

6. Raising the Bureau's income from registration fees from the average yearly collection of ₱60,000 to ₱120,285.47 in 1936.

7. Direct assistance to small retail merchants through purchases made for them by the Bureau and organization for co-operative buying.

8. Establishment of business connections among domestic traders and also with foreign merchants.

9. Reorganization of rural credit associations to rehabilitate their finances and improve their management.

10. Collection of ₱89,577.26 from rural credit associations for the Rice and Corn Fund.

11. Licensing and supervision of 97 bonded rice warehouses with a total capacity of 968,650 cavans of palay.

12. Holding of more than 100 community assemblies in different provinces with an aggregate attendance of nearly 23,000 people, mostly small farmers, to inform the masses of the above trade promotional activities and bring the Bureau of Commerce closer to them.

Promotion of Domestic Industries.—In line with the policy to encourage the development of domestic industries, the Bureau of Commerce has intensified, during the year 1936, its campaign for a wider sale and distribution of Philippine-made goods in the domestic market. Through the Manila Trading Center and Exchange it has given practical help to small manufacturers throughout the country. Not less than 490 manufacturers and distributors of local products were directly helped by the Manila Trading Center, selling for them ₱154,238.06 worth of goods. Financial aid was given by the Center to small industrialists by buying their products outright and then advertising and reselling them to the public. To promote the sale of these goods in the provinces, a floating exposition was sent out by the Bureau, and 8 new provincial trading centers were established. Exhibitions of Philippine goods were also made by the Bureau in 11 provincial fairs and in the Manila Carnival.

Considerable impetus was given to the Bureau's campaign for a wider distribution of Philippine products during the celebration of the Made-in-the-Philippines Products Week, from August 17 to 23, 1936. In order to accommodate the large crowd

of people that was eager to see the exhibits of the Manila Trading Center and Exchange during the observance of this Week, the Bureau secured the use of the spacious premises of the former American Hardware Building at 101 Echague, Manila. A varied display of the best that local industries can offer to the market was made during the Week. The success of the celebration was unprecedented. Every day during the week, a large crowd of people filled the exhibition hall. It was estimated that approximately 100,000 people saw the exhibits during the observance of the 1938 Made-in-the-Philippines Products Week.

An educational campaign was waged among manufacturers to improve the quality of locally made goods and adapt them to the demands of the market. Organization work was also begun among cloth manufacturers in the Ilocos provinces and manufacturers of abacá products in the Bicol provinces to increase and improve production.

Marketing Aids to Farmers.—Along with the promotion of domestic industries, the Bureau also increased its activities in helping small farmers in the country in marketing their products. To this end, it obtained financial aids to farmers affiliated with cooperative marketing associations and secured the enactment of the new Commonwealth Act No. 116 which makes available for loans to cooperative marketing associations the rice and corn fund, instead of limiting the use thereof to rural credit associations. This, and the arrangement for the financing of the farmers that the Bureau has made with the National Rice and Corn Corporation in connection with rice warehouses will enable the farmers' cooperative marketing groups to operate successfully.

The Bureau's campaign for cooperative marketing among farmers resulted in the organization of 22 new cooperative marketing associations during the year. Sixteen of the newly organized cooperatives were composed of rice farmers, 4 of coconut growers, 1 of abacá producers and 1 of dealers in lumber and forest products.

The farmers have also been helped in the sale of their products with the market information service furnished them daily by the Bureau. Consignments of rice, copra, tobacco, corn, onions and miscellaneous products from the farmers, and also sugar "quedans" were also received from time to time, and the Bureau took charge of selling them for the benefit of the farmers. Farmers in different provinces who deposited their

palay in bonded rice warehouses were also helped by the Bureau which made regular inspections of the 97 licensed warehouses to protect the interests of the depositors.

Rural Credits.—The 571 rural credit associations that were organized more than 10 years ago in 43 provinces, the administration of which was transferred to the Bureau of Commerce were closely supervised, and great effort was exerted to collect long overdue loans payable to the associations and to the rice and corn fund and, at the same time, to correct defects and anomalies in the management of the associations. During the year the Bureau collected for the rice and corn fund ₱89,577.26. Collections were exceedingly difficult owing to typhoons, floods and other calamities in different provinces. Dismissals of old members of Boards of Directors of some associations had to be ordered in several instances and new ones were appointed in their places in order to bring about the desired improvements in the management of the associations.

The work of supervision and regulation of the rural credit associations was greatly handicapped by the limited personnel available for this work and by the defects in the present law governing the operation of these associations. Fortunately, the representations made by the Bureau for amendments in the Rural Credit Law were heeded by the President and the National Assembly, and Commonwealth Act No. 133 was enacted. With this new act, it is expected that the management and operation of the associations will be improved. Among the important amendments that have been secured are those prohibiting members of boards of directors of the agricultural credit cooperative associations from obtaining loans directly or indirectly from the said associations, those authorizing the Director of Commerce to bring debtors to court for the collection of overdue loans, those empowering the Director of Commerce to approve the acts of members of the associations during the meetings held by them at which it was not possible to obtain the necessary quorum, and set aside a portion of the reserve fund of the associations for expenses of inspection and supervision.

Trade Information Service—The Bureau of Commerce serves as the public clearing-house of commercial information. Not less than 4,500 inquiries on different subjects about Philippine trade and commerce were received and answered by the Bureau during the year. Announcements of 85 trade opportunities, mostly from abroad, were published and trade connections were

established; studies and reports on 150 important subjects of research were made, and new directories of merchants and manufacturers were completed. Various publications on commercial subjects were issued, including the monthly *Philippine Journal of Commerce*, a pamphlet entitled, "The Bureau of Commerce How It Serves the Public" "Pointers to Beginners in the Sari-Sari Business," "How the Bureau of Commerce Serves Farmers, Manufacturers and Retailers," and "Marketing of Philippine Staple Products." A Monthly Review of Business Conditions, analyzing business trends in the country and abroad was also issued during the year. A Directory of Manufacturers and Dealers is being prepared, and a Directory of Importers and Exporters has been completed and sent to the Bureau of Printing.

Supervision of Stock Market. In connection with the mining boom, the Bureau of Commerce was called upon to handle the registration of a great number of new mining corporations and also to supervise the stock market in the absence of an office especially assigned to this important work. The Bureau registered 191 mining corporations with a total subscribed capital amounting to ₱29,267,584. Licenses were issued to 308 stock brokers, including subagents and subscription solicitors. The mining boom gave birth to two new stock exchanges—the International Stock Exchange and the Central Stock Exchange—which were licensed by the Bureau on September 15, 1936 and December 15, 1936, respectively. The investing public dealing with the brokers brought various complaints to the Bureau, and from September 1 to December 31, 1936, the Bureau investigated and settled no less than 62 complaints. The investigations resulted in the promulgation of stricter qualifications for stock brokers. In Commerce Administrative Order No. 35, which became effective on October 3, 1936, a greater financial responsibility was required of those desiring to engage in the brokerage business, and their license fees were increased from ₱5 per year to a sum ranging from ₱25 to ₱250 per annum. In Commerce Administrative Order No. 34, which became effective on September 26, 1936, their bonds were increased from sums ranging from ₱2,000 to ₱10,000 to amounts ranging from ₱5,000 to ₱100,000.

Unfair Trade Practices Survey. With a view to promoting honesty and fair dealing in business, the Bureau conducted an extensive survey of trade practices in the retail trade in Manila and in the provinces. A report on the result of this survey.

was submitted to the Department and to the National Assembly, and this served as the basis for a bill creating a Fair Trade Board.

Fraudulent trade practices consisting in refilling empty containers of well-known brands of perfumes, lotions and face powder with fake materials and then reselling them were apprehended by our agents in Nueva Ecija, Tayabas, Laguna, Albay, Camarines Sur and Zamboanga. With the assistance of the agents of this Bureau, the owners or agents of the manufacturers of the genuine products have succeeded in prosecuting persons dealing in imitation articles. Around 218 bottles of different brands of imitated perfumes and lotions were confiscated by our agents. Appendix A of this report gives a more detailed information on unfair trade practices.

Merchandise Registration.—During the year under review, the Bureau registered a total of 600 domestic corporations, of which 462 were stock corporations, 116 nonstock and 22 cooperative marketing associations. Of the 462 stock corporations, 374 corporations with a total subscribed capital stock of ₱43,004,645 were controlled by Filipinos, 58 corporations with a total subscribed capital stock of ₱7,167,750 were controlled by Americans, 13 corporations with a total subscribed capital stock of ₱5,7848 were controlled by Chinese and 17 corporations with a total subscribed capital stock of ₱606,200 were controlled by other nationalities. These 462 stock corporations may be classified according to their principal purposes, as follows:

Purpose	Number	Total capital subscribed
Agricultural	5	₱56,100
Brokerage	15	3,978,300
Investment	45	7,865,970
Merchandising	30	676,798
Mining	191	29,267,584
Transportation	9	373,300
All other purposes.....	167	10,588,391
Total	462	₱51,906,443

The Bureau licensed during the period under review 8 foreign corporations. It also registered 145 partnerships with a total capital of ₱6,469,653, classified according to purpose as follows:

Purpose	Number	Capital
Brokerage	24	₱2,792,733
Merchandising	73	1,795,704
All other purposes	48	1,881,216
Total	145	₱6,469,653

During the year, the Bureau registered a total of 252 trade marks and trade-names, 21 of which were for cigars and cigarettes and 231 for other products. Of these 252 trade-marks and trade-names, 93 were registered by Americans, 26 by Filipinos and 133 by other nationalities. A total of 62 letters patents were also registered during the year under review, of which 46 were registered by Americans, 8 by Germans, 2 by Filipinos, 2 by Austrians, and one each by Englishman, Norwegian, Porto Rican and Frenchman. During the year, 1730 business names and styles, 68 aliases and 66 bulk sales were registered and 557 inquiries about these subjects and about the laws governing the same were answered.

Eleven fertilizer brands were registered. Of the 3 fertilizer bodegas in the City, only 2 made substantial sales of fertilizers requiring inspection, of the products sold, by this Bureau. These two bodegas were inspected 27 times during the year. In the enforcement of the laws regarding galvanized iron, barbed wire, nails, paints and paint materials, 65 stores selling these products were inspected 336 times during the year.

The Bureau issued a total of 810 brokers' licenses, as follows, for stock brokers (including sub-agents and subscription solicitors)—308; for merchandise brokers—228, for ship brokers 123; for exchange brokers—94; for real estate brokers—57.

From January 1 to December 31, 1936, the Bureau collected registration and other fees amounting to ₱120,285.47, itemized as follows:

Corporations	₱72,813.00
Partnerships	7,478.00
Trade-marks	18,894.46
Trade-names	350.00
Patents	230.00
Brokers	7,400.00
Brands of fertilizers	400.00
Tags of commercial fertilizers	1,926.00
Aliases	108.00
Business names	3,798.00
Bulk sales	134.00
Surcharge for late renewal of brokers and aliases	123.30
Certified copies of various documents	5,352.26
Miscellaneous	1,278.45
Total	* ₱120,285.47

* Not including prior year credits of ₱3,027.90.

The collection for last year was only ₱79,160.34, so that there is an increase of ₱41,125.13 in collections for 1936.

FINANCIAL SITUATION OF THE BUREAU OF COMMERCE ON DECEMBER 31, 1936

Bureau's Commodity (General Fund) The Bureau's appropriation for 1936 was ₱196,348.78, which is ₱8,572.56 less than that for 1935. The expenses for the year amounted to only ₱191,883 (excluding ₱1,849.26 representing the difference in value when the supplies purchased for the Navigation Division in previous years were transferred from this Office to that Division at less than the cost price) or ₱4,465.78 less than the amount appropriated and ₱5,565.26 less than the expenses for 1935. The saving was effected by means of the reduction of car rental for office building, the enjoying of employees of their accrued leave, infrequent transfer of field personnel from one district to another and strict economy in the use of supplies and materials.

The income amounts to ₱123,313.37 or ₱33,716.41 greater than that of last year. The increase is principally due to a greater volume of registration of corporations and brokers during the second semester.

Emergency Rice Administration. From the handling of imported rice there was realized an incidental net profit of ₱230,004.56 from September 26, 1935 to December 31, 1936. The transactions during the year 1936 were practically for liquidation of accounts only.

Rice and Commodity Act 2818, as Amended. The expenses amounted to ₱27,291.07 against the allotment of ₱34,541 for the year 1936. It is ₱1,952.35 less than that of last year. This decrease was due to the fact that the employees were pressed to other activities, and their traveling expenses were charged against the general fund of the Bureau of Commerce.

The income amounted to ₱35,265.57 and is ₱953.10 less than that of last year.

Money Order, Letter and Exchange, Act 4069. The expenses is ₱13,186.65 or ₱1,566.43 less than last year. The income in the amount of ₱8,382.80 is also decreased by ₱1,072.46. The increase of the income is mainly due to the discontinuance of crediting interest to current accounts in the Philippine National Bank.

Comparative Statement of Appropriation

Name of account	1936	1935	+ (Increase) or - (Decrease)
Salaries and wages.			
Salaries and wages itemized, permanent	P117,960.28	P125,856.03	+ 7,895.75
Salaries and wages, itemized temporary	2,268.00	2,234.16	+ 33.84
Salaries and wages, lump-sum	5,960.00	5,590.61	+ 369.39
Allowance for caps and badges	40.00	83.00	+ 43.00
Total salaries and wages	126,228.28	133,513.80	- 7,290.52
Sundry Expenses:			
Traveling expenses of personnel	8,619.00	8,818.00	- 199.00
Traveling expenses of commercial and cooperative agents	4,987.49	3,750.00	+ 1,237.49
Freight, express and delivery service	59.46	418.86	- 359.40
Postage, express, telephone and cable service	6,684.00	6,694.44	- 10.44
Illumination and power service	1,405.62	993.36	+ 412.26
Miscellaneous services	1,112.70	633.33	+ 479.37
Rental of buildings and grounds	12,244.00	10,060.24	+ 2,183.76
Consumption of supplies and materials	4,701.80	7,477.77	- 2,775.97
Maintenance and repair of equipment	1,210.00	782.79	+ 427.21
Total Sundry Expenses	41,115.50	42,921.54	- 1,806.04
Furniture and equipment:			
Purchase of equipment	7,595.00	3,800.00	+ 3,795.00
Special appropriations:			
Commercial Agency in United States, Act 8442	18,360.00	22,334.88	- 3,974.88
Commercial and industrial investment including equipment	3,050.00	2,311.00	+ 739.00
Total Special Appropriations	21,410.00	24,645.88	- 3,235.88
Grand total	196,848.78	204,921.34	- 8,072.56

Comparative Statement of Expenses

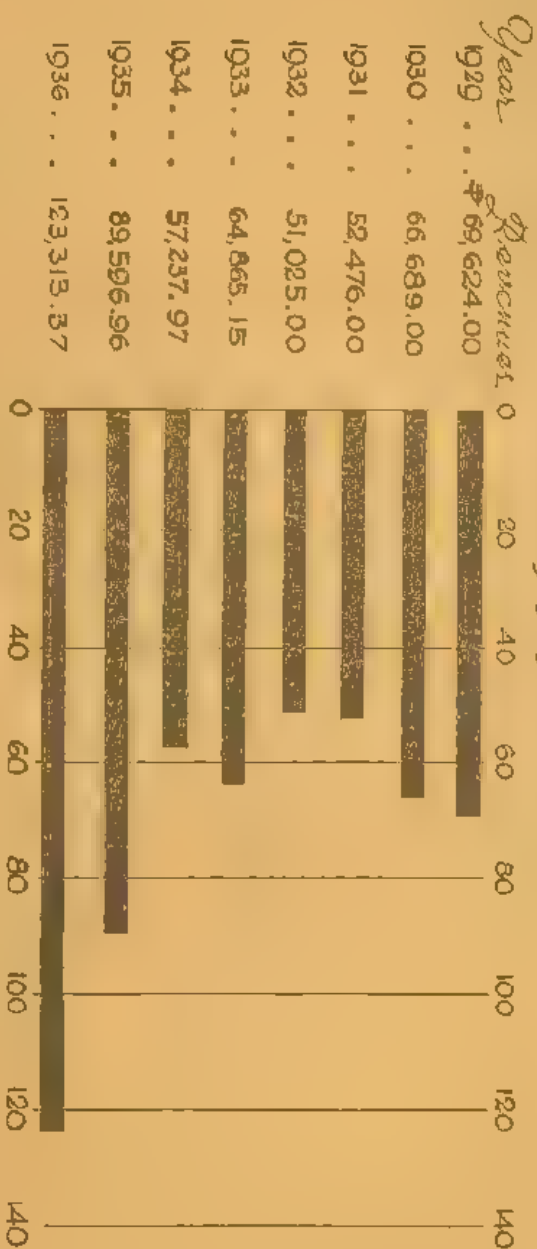
Name of account	1936	1935	+ (Increase, or (Decrease)
Salaries and Wages:			
Salaries and wages, itemized permanent	P117,675.83	P125,239.73	+ 7,563.90
Salaries and wages, itemized, temporary	2,152.43	2,228.30	- 75.87
Salaries and wages, lump-sum	5,653.98	5,273.64	+ 380.34
Total Salaries and Wages	125,482.24	132,741.67	- 7,259.43
Sundry expenses			
Traveling expenses of personnel	8,613.60	7,513.60	+ 1,100.00
Traveling expenses of commercial and cooperative agents	4,987.49	3,877.93	+ 1,109.56
Freight, express, delivery service	59.46	418.86	- 359.40
Postage, express, telephone and cable service	6,684.00	6,517.63	+ 166.37
Illumination and power service	1,405.62	993.36	+ 412.26
Miscellaneous services	1,109.16	632.66	+ 476.50
Rental of buildings and grounds	9,316.19	10,060.24	- 744.05
Consumption of supplies and materials	4,623.03	8,383.50	- 3,760.47
Maintenance and repair of equipment	1,210.00	782.79	+ 427.21
Deterioration of supplies and materials	1,849.25	118,061.63	- 116,212.38
Extraordinary losses		.01	- .01
Total Sundry Expenses	39,357.63	155,182.35	- 115,824.72
Furniture and Equipment:			
Purchase of equipment	7,186.22	3,619.13	+ 3,567.09
Special appropriations:			
Commercial Agency in United States, Act 8442	18,360.00	22,334.88	- 3,974.88
Commercial and industrial investment including equipment	3,046.17	1,631.74	+ 1,414.43
Total Special Appropriations	21,406.17	23,966.62	- 2,560.45
Grand Total	193,732.26	315,509.80	+ 121,777.54

Comparative Statement of Income

Source of collection	1936	1935	1934
General Fund:			
Fines and forfeitures	\$121.3	\$131.1	\$9.8
Registration of corporations, trade marks, patents and business names and styles	64.6	6.0	4.9
Sales of fertilizer tags	2.4	2.4	1.1
Service income	8.7	7.7	5.1
Sales of fixed assets	7.4	4.0	3.3
Miscellaneous receipts	8.7	22.5	1.8
Credit adjustment to prior year expense	1.2	10,436.62	8.7
Total Income of General Fund	123,313.27	89,596.96	37,641.41

Expenditures from REGISTRATION OF CORPORATIONS,
PARTNERSHIPS, TRADEMARKS, ETC.

1929-1936



Emergency Rice Administration—Operation Statement from September 26, 1935 to December 31, 1935

Gross sales of rice and empty sacks	¥1,547,069.54
Prior year credits	9,149.11
Total gross profit	¥1,556,218.65
Expenditures (deduct):	
Cost of imported rice	1,259,404.09
Salaries of personnel	5,073.15
Wages of laborers and cargadores	19,731.48
Traveling expenses	592.28
Freight, handling, express and delivery service	10,305.24
Postal, telegraph, telephone and cable service	791.54
Illumination and power service	97.44
Miscellaneous services	22,232.62
Taxes on sales	5,721.13
Rental of buildings and grounds	242.36
Consumption of supplies and materials	1,074.07
Printing and binding	60.40
Purchase of furniture and equipment	867.29
Extraordinary losses	21.00
Total expenditures	1,326,214.09
Net profit	230,004.56

Emergency Rice Administration Balance Sheet, December 31, 1935

ASSETS	
Current assets:	
Cash, Insular Treasurer	¥229,286.41
Accounts receivable	718.12
Fixed property:	
Furniture and office equipment	867.29
Total assets	230,871.85
LIABILITIES	
Current liabilities:	
Current surplus	230,004.56
Invested in fixed property	867.29
Total liabilities	230,871.85

*Rice and Corn Fund, Act 2815, as amended—Open Statement
January 1 to December 31, 1936*

Income:

Interest on investments and securities	P35,265.57
--	------------

Expenditures:

Salaries and wages	P24,811.19
Traveling expenses of personnel	2,278.09
Freight expenses and delivery service	3.60
Postal, telegraph, telephone and cable service	80.22
Miscellaneous service	23.80
Consumption of supplies and materials....	60.46
Purchase of equipment.....	33.71

Total expenditures	27,291.07
--------------------------	-----------

Net profit for the year	7,974.50
-------------------------------	----------

*Rice and Corn Fund, Act 2815, as amended—Balance Sheet, as of
December 31, 1936*

ASSETS

Current assets:

Cash, Insular Treasury	P226,816.93	
Less: Warrants payable	29,670.63	P197,146.30
 Cash, collecting officers	387.45	
Cash, disbursing officers	1,765.90	P199,299.65

Accrued assets:

Accrued interest receivable ¹	102,327.75
--	------------

Term assets:

Sales stock, confiscated real properties	5,086.57	
Investments and securities (Loans re- ceivable)	728,767.95	733,854.52

Deferred assets:

Losses arising from uncollectible debts	1,124.58
---	----------

Fixed assets:

Furniture and office equipment.....	4,824.41
-------------------------------------	----------

Total assets	P1,042,430.91
--------------------	---------------

¹ Estimated interest due and receivable, computed on the balances of loans as of December 31, 1936

*Rice and Corn Fund, Act 2518, as amended—Balance Sheet, as of
December 31, 1936 Continued*

LIABILITIES AND SURPLUS

Current liabilities:

Accounts payable, bureaus and offices.....	79.68	
Accounts payable, miscellaneous.....	476.98	
Surcharges06	
Accrued leave payable	6,858.10	7,414.82

Deferred credits:

Deferred income (see Contra) . . .		108,327.75
------------------------------------	--	------------

Surplus:

Current—

Appropriation, Act 2818, as amended	1,000,000.00	
Deduct—Transfers to:		
Seed Farm Fund, Act 3624, 12/5/29	100,000.00	
Stock Farm Fund, Act 3632, 12/6/29	100,000.00	
Public Land Subdivision Fund, Act 3673, 6/27/30	300,000.00	
Manila Trading Center and Ex- change Fund, Act 4069, 10 10/33 .	100,000.00	
Balance, current surplus	400,000.00	
Add—Net interest earned:		
During the pre- vious years	518,889.43	
From January 1 to December 31	7,974.50	526,863.93
		926,863.93

Principal surplus—

Invested in fixed assets.		4,824.41
Total liabilities and surplus		<u><u>₱1,042,430.91</u></u>

Bureau of Commerce—Balance Sheet as of December 31, 1936

ASSETS

Current assets ..	(21,317.99)
Drawing account, Insular Treasury	(38,879.10)
Cash, collecting officers ..	464.82
Cash, disbursing officers	7,659.01
Accounts receivable—	
Insular bureaus and offices	9,345.18
Miscellaneous	92.10
Working assets	2,865.33
Supplies and materials	1,182.53
Sales stock	132.80
Sales stock (confiscated real property).	1,550.00
Deferred charges	77,932.43
Determined losses	77,870.17
Deposits for containers, etc	62.26
Fiduciary assets	10,195.12
Drawing accounts, Insular Treasury	10,185.12
Cash, collecting officers ..	10.00
Fixed property ..	96,619.16
Motor vehicles and accessories	7,494.79
Other land transportation equipment	55.02
Hand tools	15.75
Furniture and office equipment	83,355.61
Industrial and scientific exhibits	461.68
Ordnance	467.40
Technical and scientific equipment	262.91
Other equipment ..	306.02
Equipment in transit	4,199.98
	-
Total assets	166,294.05

LIABILITIES AND SURPLUS

Current liabilities	59,479.77
Accounts payable—	
Insular bureaus and offices	9,910.39
Provinces, cities and municipalities	7.84
Miscellaneous	11,230.31
Accrued leave payable	38,331.23
Public and private trusts—Deposits for pub	10,195.12
Surplus—Invested in fixed property..	96,619.16
	-
Total liabilities and surplus..	166,294.05

*Mexican Trading Center and Exchange—Balance Sheet as of
December 31, 1936*

ASSETS

Current assets:

Cash—

In bank		₱7,128.40	
Insular Treasury	₱17,469.38		
Less: Warrants payable	5,280.16	40,129.22	
Collecting officer		750.63	
Office and change fund		5.00	
Disbursing officers		2,072.88	
Advances to consignors		48.28	₱51,104.50

Accounts receivable—

Bureaus and offices	60.50		
Trading Center debtors	1,166.75		
Produce Exchange debtors	75.50		
Miscellaneous	368.29	1,671.04	

Merchandise in stock—

Trading Center	14,506.15		
Provincial Trading Centers, Fairs and Expositions	905.13	15,411.28	

Exhibition samples 27.70

Goods on consignment—

Consigned In	19,612.38		
Consignee Out	7,791.81	24,401.22	

Deferred charges 57.22

Suspense debits 8,733.51

Fixed assets: Furniture and equipment 1,617.32

Total assets ₱103,026.79

*Manila Trading Center and Exchange Balance Sheet as of
December 31, 1936—Continued*

LIABILITIES AND NET WORTH

Current liabilities:

Accounts payable—

Bureaus and offices	P254.96	
Surcharges95	
Manufacturers and suppliers, . . .	26.80	
Miscellaneous	1,847.82	
Accrued leave	562.42	2,692.95

Consignors' cash proceeds—

Trading Center	4,052.82	
Produce Exchange	79.27	
Produce Exchange, consignment sales	194.99	
Provincial fairs and expositions	3,987.18	8,314.26

Exhibition samples returnable (see Contra) 27.70

Consignments returnable (see Contra) 24,404.22

Deposits and other Fiduciary credits 395.84

Deferred credits 285.91

Proceeds of sales undetermined—

Trading Center	16,653.41	
Traveling Store	456.48	17,109.89

Net worth—

At the beginning of the period	53,081.95	
Deduct Net charges due to operation	4,901.25	48,180.70

Surplus—Invested in fixed assets 1,617.32

Total liabilities and net worth P117,026.71

*Manila Trading Center and Exchange—Operation Statement during the
period from January 1 to December 31, 1936*

Income:

Gross profits:

Department A	₱1,140.79	
Department B	232.79	
Department C	341.74	
Department D	306.05	
Department S	387.90	
Retail stock, Provincial Trading Centers, Fairs and Expositions.....	164.23	₱2,513.50
Commissions on consignment, Trading Center		2,408.13
Difference in selling prices:		
Trading Center	93.00	
Provincial Trading Centers, Fairs and Expositions	715	100.65
Commissions, Manila Carnival		236.61
Commissions, Fifth Floating Exposition		2,088.77
Commissions, Commercial Carnivals, Fairs and Exposi- tions		186.68
Commissions, Mercantile and Produce Exchange		24.89
Commissions, Direct Sales, Produce Exchange...		121.00
Commissions, Unrecorded Sale, Produce Exchange		59.74
Interest earned		438.56
Miscellaneous income		89.09
Inspection fees		97.10
Storage fees		36.62
Surplus adjustment, prior year		91.16
Insurance fees		30.30
Total income		₱8,582.80

Manda Trading Center and Exchange—Operation Statement during the period from January 1 to December 31, 1936—Continued

Expenditures:

Advertising	411.71
Salaries and wages	3,568.05
Wages for helpers and laborers	6,967.47
Consumption of Supplies.....	1,396.50
Postal, telegraph, telephone, radio and cable service .	278.70
Illumination and power service	137.00
Maintenance and repair of equipment	87.36
Freight and handling	5.16
Insurance	87.71
Other services	357.35
Printing and binding	159.33
Purchase of furniture and equipment.....	29.71
 Total expenditures	 P13,486.05
Deduct—Net charges due to operation	4,903.25
 Total	 P8,582.80

Manda Trading Center and Exchange—Comparative Statement of Income and Expenditures

EXPENDITURES

ITEMS	1936	1935	Increase (Decrease)
Advertising	P411.71	P354.00	P57.71
Salaries and wages	3,568.05	4,743.09	(1,175.04)
Wages for laborers and helpers	6,967.47	4,862.39	2,105.08
Consumption of supplies and materials	1,396.50	1,109.74	286.76
Postal, telegraph, telephone and radio service	278.70	301.32	(22.62)
Illumination and power service	137.00	233.72	(96.72)
Rental of buildings and grounds		1,050.00	(1,050.00)
Maintenance and repair of equipment	87.36	36.00	51.36
Freight and handling	5.16		5.16
Insurance	87.71	30.05	57.66
Other services	357.35	885.48	(528.13)
Printing and binding	159.33	157.86	1.47
Extraordinary losses		336.23	(336.23)
Purchase of equipment.....	29.71	952.60	(922.89)
 Total	 P13,486.05	 P15,052.48	 (P1,566.43)

*U. S. Trade Note and Exchange—Comparative Statement of Income
and Expenditures—Continued*

INCOME

Gross profit, Trading Center and Provincial Trading Centers, Fairs and Expositions.	2,573.50	1,883.53	689.97
Commissions on consignments, Trading Center	2,408.13	2,001.64	406.49
Difference in selling price, Trad- ing Centers, Fairs and Ex- positions	100.65	708.60	(607.95)
Commissions, Manila Carnival...	236.61	266.24	(29.63)
Commissions, Floating Expositions	2,088.77	1,157.73	931.04
Commissions, Commercial Car- nivals, Fairs and Expositions	186.68	302.96	(116.28)
Commissions, Traveling Store		71.29	(71.29)
Commissions, Mercantile and Pro- duce Exchange	24.89	398.05	(373.16)
Commissions, direct sales, Pro- duce Exchange	121.00	171.17	(50.17)
Commissions, unrecorded sales, Produce Exchange	59.74	110.92	(51.18)
Interest earned	438.56	1,007.38	(568.82)
Miscellaneous income	89.09	158.18	(69.09)
Inspection fees	97.10	526.53	(429.43)
Storage fees	36.62	171.79	(135.17)
Surplus, prior year	91.16	711.25	(620.09)
Insurance fees	30.30		30.30
Total	<u>¥8,582.30</u>	<u>¥9,655.26</u>	<u>(¥1,072.46)</u>

ACTIVITIES BY DIVISIONS

The Bureau functioned during the year through six divisions namely: Administrative, Commercial Intelligence, Markets, Co-operative Marketing and Credits, Manila Trading Center and Exchange, and Trade Regulation. The main activities and accomplishments of these functional divisions during the year follow:

COMMERCIAL INTELLIGENCE DIVISION

Publications and Monographs.—The division submitted to the Bureau of Printing, after approval by the Honorable, the Secretary of Agriculture and Commerce, the manuscript for the Directory of Importers and Exporters. The Directory is expected to be out of the Printer's hands early in 1937.

The *Philippine Journal of Commerce* has been issued regularly every month, with the exception of the October-November issues (Commonwealth Anniversary Number) which were merged.

The Monthly Review of Business Conditions was issued also regularly every month. The Review covers such topics as the general situation of the foreign and domestic trade, Philippine staple exports, currency, exchange, banking, Government revenues and collections, gross sales of general merchants, construction activities, real estate, mining and stock sales, etc.

"Marketing of Philippine Staple Products" was published in mimeograph form. This publication describes the different methods of preparing and bringing the principal Philippine export products to the market.

A Directory of Manufacturers and Dealers is under preparation; soon it will be ready for the printer.

"Pointers" to beginners in the 'sari-sari' business was published in mimeograph form. It is being distributed extensively in the provinces.

A thorough study was made on Philippine industries. The work is however neither printed nor mimeographed.

A pamphlet, "The Bureau of Commerce How it Serves the People," was printed and freely distributed in all parts of the country.

Another publication is the folder entitled "How the Bureau of Commerce Serves the Farmers, Manufacturers and 'Sari Sari' Stores" translated into the major dialects. Requests for authority to print these folders have been made.

Special articles were written by agents in the Division for local and foreign magazines and dailies.

Survey of Foreign Markets—The Division conducted a comprehensive and detailed study of the Philippine-American trade for the Wyckham Commission and the Technical Trade Committee for the Philippine-American Trade Conference. The report is being revised and brought up to date.

Possibilities of Business. This is a routine work of the Division. The following results of the investigations and surveys made were published in the *Philippine Journal of Commerce* and other publications: (1) Pampanga Has Varied Industries, (2) Philippine Foreign Trade for the First Six Months of 1936, (3) P. I. Commonwealth, a Profitable Market for the United States, (4) Philippine Oil-Bearing Seeds, (5) Significance of the "Clipper" Service Between the United States and the Philippines, (6) Credit Facilities of the Philippines, and (7) State Monopolies.

Government Aids to Commerce and Labor—A thorough survey was made of the "aids" now being extended by the various Governments of the world to their indigent laborers, and for the protection and extension of their commerce and industries.

Survey of Domestic Trade and Market—A comprehensive study of general merchants' (sari-sari) business all over the country has been undertaken. The report on this investigation will be published in mimeographed form.

Economic surveys of the Provinces of Capiz and Davao by the agents in those districts have been published in the *Philippine Journal of Commerce*.

The following provincial directories were published by, or with the collaboration of, our field agents: Directory of Iloilo City and Directory of Mindanao. The materials for the Directory of the Province of Tayabas are already complete. However, the same have not as yet been published. Other provincial directories, in the preparation of which the division coöperated, are the Pangasinan Directory and the Pampanga Directory.

A survey of the production of Ilocano textiles in the Ilocos region was made by the provincial agents. —The American Trade Commissioner was furnished with a copy of the report on the survey.

Information Service. The Division cooperated with various entities in the promotion and extension of the foreign and domestic trade of the country and in the development of local industries. Among the entities which availed of, or sought, our help were the following: American Trade Commissioner to the Philippines, Chamber of Commerce of the Philippines, American Chamber of Commerce, Japanese Chamber of Commerce, Commercial Correspondent in the Philippines of the Japanese Ministry of Industry, and Manila Chamber of Commerce.

The following publications sought regularly our help in answering their reader's questions or inquiries: *The Philippines Free Press*, *Agricultural and Industrial Monthly*, *Graphic*, and *Bannawag*.

Publicity for the Manila Trading Center. The Division conducted weekly radio broadcasts over Radio Manila during the whole year. No less than 100 artists were invited to take part in the radio programs which usually consisted of musical selections and songs.

During the celebration of the Fourth Made in the Philippines-Products Week, the Division put out a daily tabloid—the *Manila Trading Center News*. The tabloid consisted of four pages and seven issues were turned out. One of the issues contained eight pages.

Every now and then the Division issues press notes about the Trading Center and on important products for sale therein.

Bureau of Commerce Branch of the Scientific Library. During the period under review the librarian of the Bureau of Commerce Branch of the Scientific Library, attached to the Commercial Intelligence Division, attended to 1,898 callers, mostly students from various local schools and colleges, making researches on different economic and commercial subjects.

Important Business Connections.—Business connections were established among buyers and sellers of the following commodities: almaciga, asbestos, bosche magneto, coconut shell charcoal, copra, derris roots, desiccated coconut, fish net, fruit extracts and wines, glue, gold dust, mangoes and Philippine fruits, pili nuts, quick lime, rattan rattan furniture, shell lamp shades, "sipa," and tobacco leaf.

Correspondence Handled and Released by the Division during 1936.—A classification of all correspondence handled and released by the Commercial Intelligence Division is given below:

Domestic trade:

Trade connections	378
Trade lists	292
Business standing	238
Business methods and practices	142
Sari sari	83

Total 1,133

Foreign trade:

Import and export	286
Tariffs and customs rules	18
Foreign trade practices	13
Trade opportunities	85

Total 402

Industrial	265
Press releases	150
Miscellaneous	356

Total 771

Trade Opportunities. During the period under review the Division published a total of 85 trade opportunities. The subjects ranged from business connections to farm and minor forest products, minerals, Philippine handicrafts and novelties, food products etc. Seventy-five persons wrote for particulars about these trade opportunities.

Letters of Appreciation Received. During the year, the Division received 58 letters of appreciation, 24 from parties in foreign countries and 34 from local merchants.

Bills Commented.—The Division commented on 12 bills of the First National Assembly.

Other Activities. The Division prepared the following: Importers and Exporters Directory; Directory of Manufacturers; Services to Farmers, Merchants and Manufacturers; gathered materials for Kelly's Directory, for Meier's Directory, and for Philippine Exposition Handbook.

MARKETS DIVISION

Market Reports.—During the year, a monthly average of 3,380 copies of the daily market reports, 860 copies of the weekly reports, and 87 copies of the monthly reviews were sent out to subscribers, of whom 42 paid the corresponding fees, and the rest were furnished free copies. In addition, extra copies

were given to the radio, newspapers, and other parties who were not regular subscribers. Besides these special courtesy reports, weekly in Spanish for the *Philippines Free Press* and monthly in English for the *Sugar News*, were likewise prepared by the Division, for which service the Bureau received complimentary copies of the two publications.

Through the daily radio broadcasts, which included among other things the reading of the Bureau's market reports a great number of people living in remote parts of the Islands were kept posted on current trends of prices and latest market developments here and abroad. The newspapers regularly published the daily and weekly market reports. Thus, the information contained in these reports was widely disseminated. In many cases these market reports have served as a basis in business transactions and have been used also in court litigations and in private disputes involving prices of staple and minor agricultural products. For such purposes about ten requests for copies, certified and otherwise, of the reported prices were granted during the year. Three employees of the Division were summoned to testify in four different cases in courts—two in Manila, one in Pasig, Rizal, and another in San Fernando, Pangasinana. Two of the cases involved prices of copra, and two of palay.

A new feature of the market reports was the inclusion of provincial market quotations. Through the cooperation of the *Manila Daily Bulletin*, which defrays the cost of telegrams, daily market prices of sugar, copra, hemp, maguay, palay, rice, and tobacco in important trade centers were wired to the Bureau by the commercial agents, and the figures were inserted in the daily market reports. The *Manila Daily Bulletin* received copies of the telegrams and published the prices in its Commerce and Finance Section. The inauguration of the service proved to be valuable not only to producers and merchants but also to the Government, which, during the year, was confronted with the rice problem. With the retail prices of rice in different places, available in the daily market reports, the National Rice and Corn Corporation has been kept abreast with the rice situation. The members of the board of directors of that corporation as well as the corporation itself were regularly furnished copies of the reports.

Produce Exchange.—During the year the volume of business handled by the Produce Exchange amounted to ₱34,509.86, of which ₱30,044.33 represents the sales of agricultural products and ₱4,465.53, the purchases of merchandise for the account of provincial merchants and retailers. Compared with the total for the preceding year, these figures are ₱111,382.81 less. The decrease is due to the fact that very little rice, the principal product handled in 1935, was consigned to the Bureau in 1936. In addition to the above sales and purchases, on which a commission of 1 per cent was charged, the Division facilitated business connections between sellers and buyers by giving verbal information to interested parties.

Following are the items handled by the Produce Exchange for 1936:

<i>Total Products Sold to Export Traders</i>	
Rice	₱4,960.00
Sugar	15,234.15
Coffee	6,371.29
Tea	1,295.11
Miscellaneous	1,124.39
Almaciga (forest product)	570.94
Vegetables	340.75
Miscellaneous (ubi, peanut, coffee, charcoal, etc.)	60.48
	83.22

Total ₱34,509.86

Merchandise Purchased from Provincial Merchants and Retailers

Rice	₱2,340.27
Sugar	906.69
Tea	191.05
Miscellaneous (cereal, mango, flashlights, matches, etc.)	1,037.51

Total ₱4,469.53

The parties served by the Produce Exchange, in connection with the sales and purchases stated above, include 12 producers and 5 merchants and retailers scattered in different parts of the Philippines.

Rice Inspection.—Pursuant to Commerce Administrative Order No. 17 all rice exports were inspected. During the year samples taken from shipments consisting of 9,251 sacks of rice were examined and analyzed to determine the percentage of

peanuts, broken grains, damaged grains, browns, etc. in accordance with the provisions of the said order. Thirty-four certificates of inspection covering the above shipments were issued on the request of a local dealer, the Division, for the first time, inspection samples obtained from 700 sacks of peanuts from the United States and were also certificate of inspection were issued. In connection with this inspection was the first inspection of a product. The total amount of sales for the year was \$1,250 as against \$1,012 last year. The increase was due to the large increase in the 1935 crop and the weak demand for the product in the American market.

Imports and Exports. The following table shows the value of imports and exports of agricultural products from the Dagupan Street:

Rice	sacks	850
Corn	do.	100
Mongo	do.	273
Leaf Tobacco	bales	61
Cacao	sacks	22
Almaciga	do.	88
Peanuts	do.	2
Charcoal	do.	62

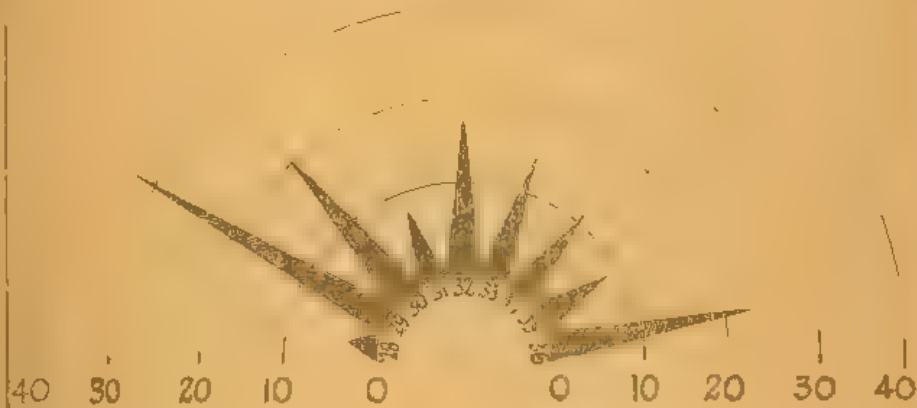
COÖPERATIVE MARKETING AND CREDITS DIVISION

Cooperative Marketing.—The educational propaganda campaign was undertaken for the proper and speedy organization of cooperative marketing associations, in accordance with the provisions of Section 15 of the Cooperative Marketing Law, by the division in delivering lectures, lectures and speeches at various public and interested places and places, and also on the subject of cooperative marketing.

Cooperative Marketing.—As a result of the campaign undertaken by the Division, there were formed during the year 1935, 22 new cooperative marketing associations. Sixteen of these were associations of producers engaged in the rice business, the majority of which are expected to operate in cooperation with the National Rice Production Corporation and other producers and processors of rice, for the production and processing of rice and other forest products.

Number OF COÖPERATIVE MARKETING ASSOCIATIONS Registered BY YEAR (Act No 3425 AS AMENDED) 1928~1936

Year	Number	Year	Number
1928.	3	1932	17
1929	33	1933	15
1930	20	1934	11
1931	7	1935	8
	1936		22



1. *Import.* Realizing the importance of cooperation and organization of the need for a better system of marketing their agricultural products, the coconut planters of Ateneo-Hilongos, Taro-Masam and Maron and other coconut producers of Dagupan and Ormoc, Panay, have established agents of this Bureau have organized cooperative marketing associations in their respective communities. Five of the associations are now in operation, and the remainder are partly organized or in process, with the remainder of the year on stock in nature.

The Maron cooperative Marketing Association, Inc., of Maron, Iloilo, has a capital stock of P5,000. It is between

1,000 to 4,000 kilos of copra to the Cebu market every week. Through the help of the Cebu agent of this Bureau it is now doing most of its business with a prominent copra exporter in Cebu.

The Maricao Cooperative Marketing Association with a capital of ₱10,000 is also operating successfully. The main difficulty of this association at the start was the boycott campaign waged by Chinese merchants. The members of the association were not allowed to load their cargo on the Chinese boat plying between Iloilo and Cebu. Through the intervention of the agent of the Office, however, the La Naveira ship, a sailing concern, was procured and organized by Filipinos, called the support of the association by giving the members all the necessary facilities of transport, then connections from any port in the state to Cebu, and a very low freight rate between the two islands.

It may be mentioned in connection with the weekly call of the four boats of the La Naveira Fleet at the port of Maricao, that only at the time when the Maricao Cooperative Marketing Association was organized.

The Maricao Cooperative Marketing Association has received 10,000 to 20,000 kilos of copra to Cebu every week. And in the case of the Maasin Cooperative Marketing Association the principal river of copra belonging to the association is the said prominent copra exporter of Cebu.

In Central Luzon Eight associations in Central Luzon have engaged in and received two engaged in sugar business, and nine in other business, have been assisted in the proper keeping of their books of accounts, and with the exception of the association engaged in sugar business, all are now active markets for their products.

With the exception of the Pangasinan Cooperative Marketing Association of San Fernando, Pangasinan, all the above associations in Central Luzon have been constantly supervised and their accounts audited by the Bureau, and now they find perfectly adequate with the spirit and purposes of the Cooperative Marketing Law.

Consolidated in the recent past, the Pangasinan Cooperative Marketing Association of San Fernando, Pangasinan, with a capital of ₱15,500, this association composed of 245 total members, was able to handle the sale in 1936 of 332,210.053 pounds of export centrifugal sugar valued at ₱2,730,166.64, 14,951 pieces of lo-

centrifugal sugar valued at ₱113,131.70, and 717.312 gallons of molasses valued at ₱21,520.26 for a total sales, for the year, of ₱2,865,421.60.

The above mentioned association was not only able to obtain a high average price for the products of its members but was also able to extend advances to needy members to the total amount of ₱27,050 for the year 1936 at an interest rate of 7 per cent.

Considered from the financial standpoint this association is regarded as the most solvent of all the associations in active operation in the Philippines. According to its latest balance sheet filed verified by a prominent certified public accountant in the city, it has current assets to the total value of ₱100,795.29 as against current liabilities of only ₱54,380.19. It has besides an accumulated surplus of ₱11,517.51 practically equal to its paid-in capital of ₱15,500.

Another association that deserves mention is the Arayat Cooperative Marketing Association, Inc. of Arayat, Pampanga. Barely two years old this association has proved to be a success. With only ₱2,700 paid-in capital, it was able to handle the sale of the products of its members to the total value of ₱201,591.06 for the year 1935 as compared with ₱138,238.12 for the previous year, gave advances to its needy members to the total amount of ₱39,960.82 for the year 1936 as compared with ₱18,837.01 for 1935. This association realized a net profit of ₱8,950.53 for the crop year 1936 as compared with a net profit of ₱9,543.51 for the crop year 1935.

L. B. Tagaytay Tobacco Co. Inc. The only association closely supervised by agents of this office in Batangas, Tayabas and Laguna is the Cooperative Coconut Product Inc., a farmer-owned and farmer-controlled association of coconut planters comprising the first district of the above-named provinces. This association was organized sometime in 1934 as a result of the educational campaign undertaken by the Bureau of Commerce in Laguna, Tayabas and Batangas. It is operated on the principle of mutual profit-sharing. Capital received but a fair margin of return, while the greater portion of the net profits realized on operation goes to the member planters in the form of patronage dividends apportioned according to the quantity or volume of products delivered by them to the association.

From a very modest beginning, the Cooperative Coconut Products, Inc., has progressed to such an extent that, according to latest reports, it now owns a modern desiccated coconut fac-

tory with a daily capacity of 45,000 nuts, equivalent to 18,200 pounds of finished products. It has recently expanded its operations by installing a modern copra dryer, through the encouragement of the Bureau of Commerce which acted as intermediary between the association and Mr. D. Urquhart, the inventor of the improved copra-drying process.

This association counts with 353 members, four of whom are preferred stockholders. The capital stock subscribed is ₱183,200, ₱111,670 of which had been paid up. To adequately meet its financial requirements, its authorized capital stock was recently increased from ₱500,000 to ₱700,000. With the accumulated payments on subscriptions and its line of credit with two local banks the association is well provided with sufficient working capital to insure an efficient and continuous operation.

The foregoing narrative of the activities of a few cooperative marketing associations are eloquent proofs of what could be done and accomplished by private initiative through organized cooperatives of individual farmers who, with government aid and supervision, aid through agencies of their own creation, undertake to handle the sale of agricultural products through coöperation for their mutual advantage.

Legislation Affecting the Cooperative Marketing Movement. Recognition of the problems and difficulties being encountered by cooperative marketing associations and realizing the fact that no tangible results could be obtained unless cooperative marketing associations are provided with adequate funds with which to finance their operations, the National Assembly did not deliberate long in approving National Bill No. 1397, now Commonwealth Act No. 116 making the Rice and Corn Fund available for use not only by agricultural credit cooperative associations but also by cooperative marketing associations duly organized and registered under the Cooperative Marketing Law.

The approval by His Excellency, the President of the Philippines, of Commonwealth Act No. 192, creating the National Produce Exchange is another conclusive proof of the desire of the Commonwealth Government to encourage the organization and establishment of cooperative marketing associations among agricultural producers. The National Produce Exchange, according to the provisions of the aforementioned Act, will serve as an instrumentality of the Government in facilitating the marketing of agricultural products in the Philippines. Section 2 of said Act provides among others, the following:

ticularly in the collection of overdue loans. For the period under review 92 rural credit budget orders were approved. A total amount of ₦14,000 has been set aside for remuneration of rural credit officials and employees. Forty-one members of boards of directors were dismissed for cause and 52 appointments were issued.

Rural Credit Amendments. The reorganization and rehabilitation campaign was begun in 1933 when this Bureau took charge of the administration of rural credit associations. Jointly with said campaign, the much needed amendments to the Rural Credit Law have been strongly advocated. With the approval of Commonwealth Act No. 133, which contains the needed amendments, the campaign for the reorganization and rehabilitation of rural credit associations will be greatly facilitated. Among the numerous amendments provided in Commonwealth Act No. 133 the following are of important significance.

1. No member of the boards of directors shall now be entitled either directly or indirectly to obtain a loan from the rural credit association, so that the tendency of the members of the boards of directors to obtain most of the loans for themselves and to remain indifferent when the question of collecting loans will no longer be the main causes that obstruct the progress of said associations.

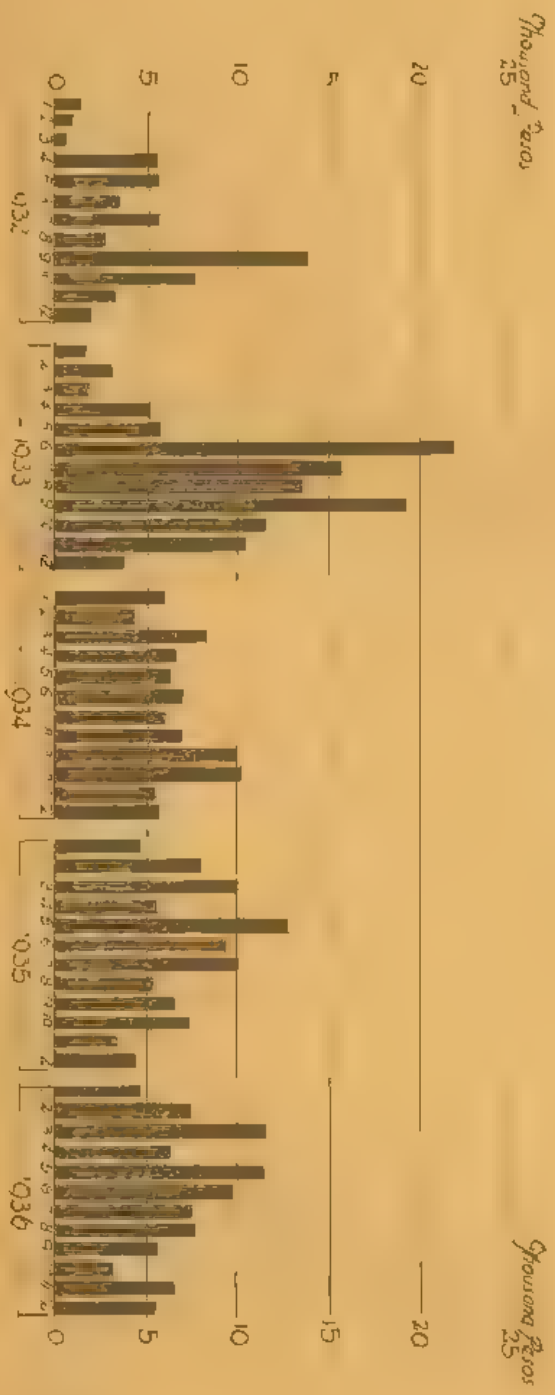
2. The Director of Commerce or his duly authorized representatives may now bring proper court actions against individual debtors to rural credit associations.

3. Not more than 20 per cent of the reserve fund of the associations, which amounts to around ₦180,000, may now be utilized as the associations' share for inspection and supervisory expenses.

4. The difficulty of holding meetings of shareholders for lack of quorum will now be remedied by the passage of the amendments providing that if there is no quorum the members present may proceed with the transaction of business, requiring, however, for the validity of their resolutions, the verification and approval thereof by the Director of Commerce.

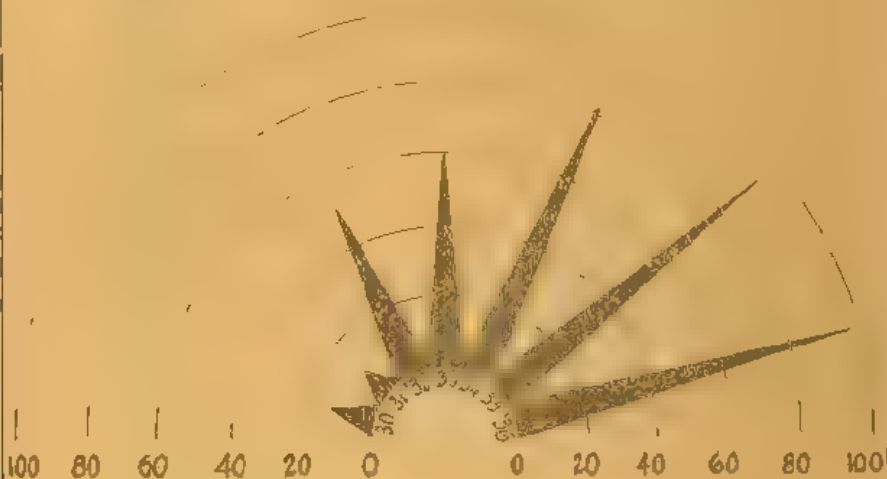
5. A rural credit association may now be dissolved by the order of the Secretary of Agriculture and Commerce made upon recommendation of the Director of Commerce, without the intervention of the Court and the complicated and expensive requirement of the Corporation Law. The manner of liquidation of the assets of the association concerned is also provided for

MONTHLY COLLECTIONS .. Agricultural Cooperative Fund 1932-1936



*Number of PALAY and RICE WAREHOUSES
Bonded and Licensed BY YEAR
(ACT NO. 3893 AS AMENDED)
1930-1936*

<i>Year</i>	<i>Number</i>	<i>Year</i>	<i>Number</i>
1930	12	1933	59
1931	9	1934	81
1932	54	1935	95
	1936		97



6. Rural credit associations are now exempt from payment of all court and sheriff's fees payable to the Government.

7. The Director of Commercial Banks may authorize agents or deputies are empowered to sue on promissory notes, acceptances, or other papers of a kind or for any irregularity in the management of rural credit associations.

With the above mentioned important amendments to the Rural Credit Law, the campaign for the reorganization and rehabilitation of rural credit associations will be more expeditiously carried out.

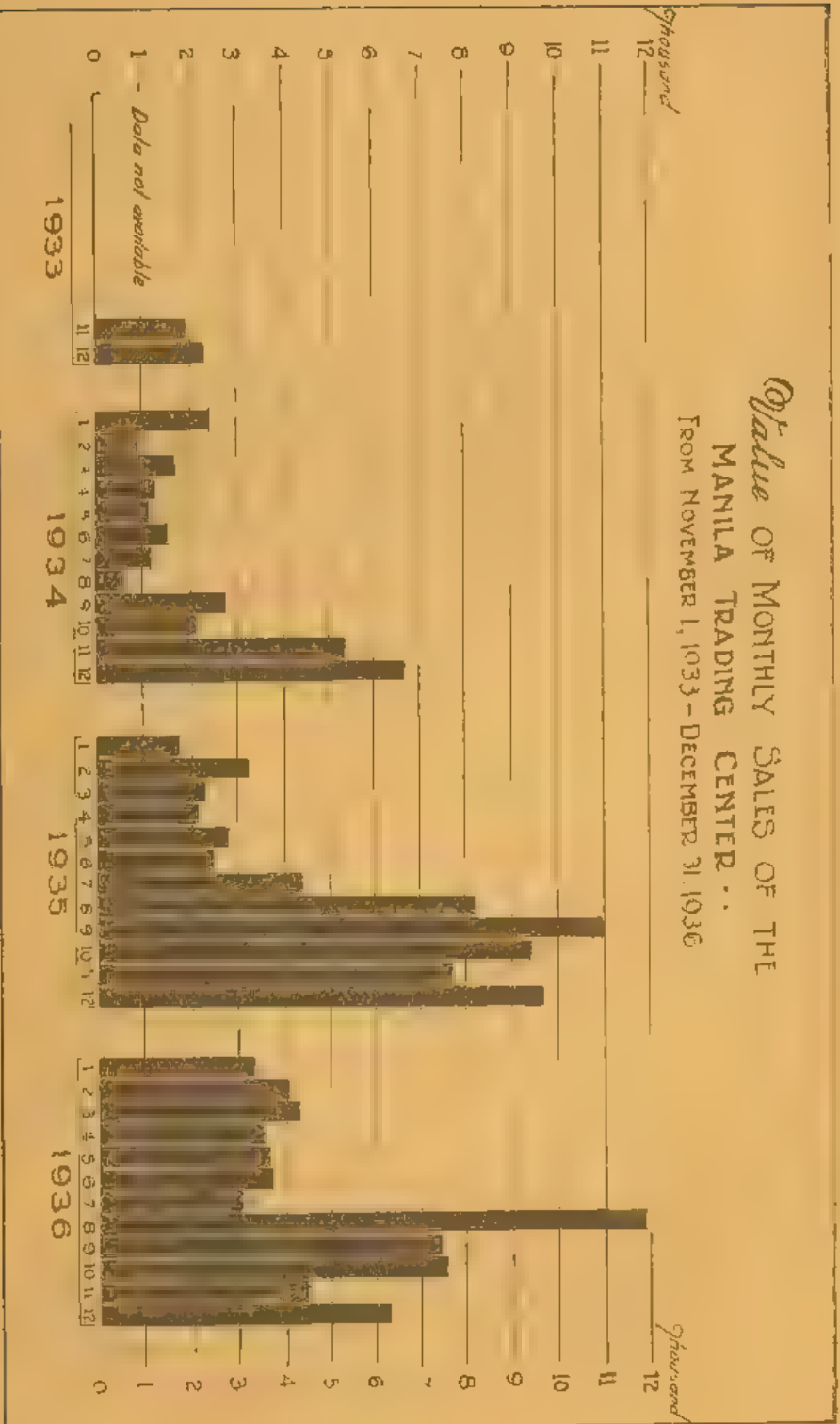
The different bonded warehouses licensed during the year under review are geographically distributed as follows:

Camarines Sur	1
Bulacan	12
Nueva Ecija	42
Iloilo	6
Nueva Vizcaya	1
Negros Occidental	1
Pampanga	4
Pangasinan	10
Rizal	4
Tarlac	16
Total	97

The Tuguegarao Case.—On Mar. 21, 1930, the bonded warehouse of Tuguegarao, Guiriba, Nueva Ecija, was burned. The deposit of payas turned was around 25,000 cavans. Of this deposit, 15,000 cavans belonged to depositors, and the rest belonged to the Tuguegarao. Through the intervention of the Bureau of Commerce, the depositors were satisfied by the bonded warehouseman. The Bureau of Commerce collected the sum of ₱40,000 from the companies which insured the contents of the bonded warehouse. The sum of ₱40,000 collected from the insurance companies less ₱16,000 representing advances to depositors given by Tuguegarao, were all accounted for in the settlement of the obligations of the bonded warehouseman to the depositors. Approximately 150 depositors were served by the Bureau of Commerce in the liquidation of the deposits.

The Ampil Case.—During the year 1934, Exequiel Ampil, a bonded warehouseman in Manila, Rizal, exceeded the authorized capacity in the storage of warehouse receipts and deposits. He failed to redeem the receipts presented for liquidation and papers for liquidation. There were around 200 deposits affected by the breach of obligation of the said warehouseman. It was on the initiative of this Office that a sum of ₱4,000 was collected and placed in a fund to cover the interest on a sum of ₱10,000. The Solicitor-General, in a judgment rendered in the case, and was heard from the Court of Appeals. The case is still pending in the Court of Appeals. The delay in the liquidation of the deposits of payas received by the said bonded warehouseman is due to the pendency of the case on appeal in the Court of Appeals.

Value OF MONTHLY SALES OF THE MANILA TRADING CENTER.. FROM NOVEMBER 1, 1933 - DECEMBER 31, 1936



peals. It is expected, however, that as soon as the decision of the Court of Appeals is rendered this Office can liquidate all the deposits of palay in question.

MANILA TRADING CENTER AND EXCHANGE

The Manila Trading Center and Exchange has served 450 manufacturers and merchants by distributing and selling their products, creating a greater demand and developing the markets for Philippine-made goods and a real increase in the interest of and encouraging the consuming public to patronize the products of local industries.

1936 Manila Carnival. As in previous years, the Bureau's participation in the 1936 Manila Carnival was only a part of the Third National Agricultural and Industrial Exposition of the Department of Agriculture and Commerce. The Bureau's display of varied Philippine products attracted the country's commercial and industrial progress and impressed on the average Filipino visitor and the foreign businessman in particular the need of giving attention to proper methods of displaying and selling such products.

The Bureau of Commerce Pavilion was divided into three main divisions, namely, show windows, food, the sales department, and the mill, the physical division. Practically all of the exhibits in the former two Booths were for sale. Experienced salesmen were stationed in all of them but also gave accurate information to the visitors.

Four rooms were specially decorated and furnished with Philippine products. A poor man's bed room was shown with a bamboo flooring beautifully laid on a sawah hay and bamboo were the material that composed the novel architectural setting.

There was a sala living room for a family of the middle class. The furniture, decorative pieces, and accessories were all made in the Philippines and of the type that would be available to a family of the middle class.

And there was the kitchen for a well-to-do family. The floors, a modern cast iron stove, up-to-date plumbing, shelves that contained delicious "casseroles" made in the Philippines—these were a few of the features of the kitchen display.

The Sales Department. The Sales Department was divided into three sections, namely, foodstuffs, dry goods, and drugs and toilet necessities. Each of these sections was presented like a model store. The foodstuff section was like a grocery

store; the dry goods section like a dry goods and specialty shop; and the drug and toilet preparations section like a drug store.

In the Sales Department there was a special demonstration of how to manufacture straw hats, fans, and handbags, and the manner of preparing some cookies.

Educational Division.—This division consisted of a public information desk and publications on Philippine business of general interest. Pamphlets published by the Bureau of Commerce were distributed together with a questionnaire on the public reaction towards Philippine products.

Through these different departments and divisions of the Commerce Pavilion a consistent effort was made to show the relative effect of art upon industry as well as to demonstrate the practical usefulness of the products now being manufactured and produced in the Philippines.

Not less than 90 different manufacturers and merchants took part by exhibiting and selling their respective merchandise in the Commerce Pavilion. Some of the participants sent their own salesmen or agents to take care of their exhibits.

Float. The Bureau of Commerce float was awarded the first prize for the most original float participating in the Inaugural Parade of the 1936 Manila Carnival.

The Fifth Floating Exposition.—The fifth floating exposition was carried on steamer *Belanggo*. The non-availability of a larger and better boat forced the Bureau to use this Catter. Thirty different ports of the Southern Islands were touched. The exhibit was seen by approximately 75,000 persons of different walks of life. The manufacturers and merchants who participated in the exposition made an aggregate sale of ₱70,000, including accepted orders for merchandise worth nearly ₱21,000. The exposition lasted 33 days and it traveled no less than 3,147 nautical miles.

Participants.—Ninety manufacturing establishments and merchants took part in the fifth floating exposition as compared with 102 for 1935 and 61 for 1934. Forty of these participants sent their own representatives or agents who took care of their respective merchandise on board. Exhibitors whose goods were taken care of by their own sales clerks were classified as Class A exhibitors, and those who did not send any sales clerks were considered class B exhibitors.



The following is a complete list of the participants in the fifth floating exhibition showing the products and the nature of the goods they sent or the nature of their business.

Name	Class	Article of Business
Adarna, L. T.	B	Roach traps.
Almazan, Amaro G.	B	Handbags (banded)
Almeida, Ana de	B	Slippers, children's shoes.
Ang Tibay	A	Shoes, slippers, sporting goods
Ang Tunay	B	Bagoong, patis, pickles.
Arguelles Laboratory	A	Drugs.
Arguz Food Park n. Co.	B	Bagoong, paus, pickles.
Arre, Gemmiano	A	Ilocano cloth.
Banez, Florencia (Mrs.)	A	Mats (tugui), bagoong, patis, etc. ma. goes, flower pots, etc.
Barredo's Hat Factory		Saw hats, fans, baskets.
Batibot, Inc.		Steel chairs, lamp shades.
Bazal Bawagas		Toys lampstands powder boxes.
Bautista, Vicente L.	B	Toy tables and chairs.
Botica Boie	A	Drugs, toilet articles, etc.
Botica Insular	A	Drugs, toilet articles.
Botica Reynado		Drugs.
Belmonte, Felix		Abaca belts, twines, slippers
C Tuason e Hijos	A	Stoves, tiles (cement) floorwax, rinaroz, rinagit.
Calma, Aquilma (Mrs.)	A	Dresses, slippers, casuy, etc.
Carandang, Juan R	A	Drugs, toilet articles.
Castro, Cristina T de	B	Toys
Castro, Teodoro de	B	Neckties.
Commonwealth Sales Co.	B	Crunches, toilet articles.
Concepcion, Rodolfo	B	Toilet seats, chess
Cruz, Miguel	A	Kitchen utensils, etc.
Damo, H. C.	B	Basi (wine), tinto, whisky
Daya, Rogae	B	Batal Hats (Lucban).
Depositar, Bernabe	A	Toys, kitchen utensils, etc.
El Porvenir Rubber Shoe Factory	A	Rubber shoes.
Fadullon, Soledad F. de	B	Hojaldres, doilies.
Farmacia Consuelo	B	Drugs.
Farmacia de San Fernando	A	Drugs, toilet articles.
Pima Essences & Extracts	A	Extracts and essences.
Flores, Ponciano E	B	Abaca rugs.
Garbay, Gregoria	A	Dresses, toys artificial flowers, postcards, etc.
Gonzaga, Domingo	B	Fireworks
G. Puyat & Sons, Inc.	A	Furniture, beds, barber's chairs, billiards pools, etc.
Gutierrez, Mrs. Adela S	B	Marble mortars, mats, baskets.
Gutierrez, Maria V. de	A	Sausages.
Gutierrez, Francisco C.	B	Bagoong (Cavite).

Name	Class	Article or Business
Guzman, Maxima Laperal de...	A	Jewelries
Hernando Bros. .	A	Basi (wine), vinegar, bagoong.
Homade Trading Co.	A	Coffee, dresses, kitchen utensils,
International Publishers	A	Books, etc.
Index Tailoring .	L	Shirts.
Industria Filipina	B	Toys, etc
Jacobo, Jusayan	A	Dresses, bakia, neckties, etc.
La Florecilla .	B	Food Preserves (fruits).
La Nueva Ecijana	A	Toys, kitchen utensils, etc.
La Perla	D	Candies, biscuits, casuy, etc
Lascano, Jose	B	Embroidered dresses.
Laurel, Valentina (Mrs)	A	Slippers, soap, floorwax, etc.
Lawanag Laboratory	B	Drugs, toilet articles
Lacero, Consuelo A. de	A	Flower pots (glazed)
Lusan Arts	B	Silhouettes
Llamas, Felisa de ...	B	Nata de piña
Luzviminda Shirt Factory	A	Shirts
Mabuhay Rubber Shoe Factory	A	Rubber shoes.
Magsimban Laboratories	B	Dresses, barong tagalog, toilet articles, dyes, etc
Magsino, Apolonio .	A	Dresses, shirts, etc.
Maminta, Cesario	B	Baskets (school children's).
Mangaliman Bros. .	A	Mentholman (medicine).
Mangaliman, Fausto	A	Ilocano cloth, saddles, etc
Manila Trading Center	D	Food Products, textiles, drugs, toys, dresses, art goods, rugs, shoes, slippers, flags, knives, flower pots, doormats, bats, kitchen utensils, hats, etc.
Mendoza, Guilherma (Mrs.)	B	Pili nut fluff (confectionery).
Mesa, Mrs. Loreto R de	B	Neckties
Monroy Laboratory	B	Drugs, toilet articles,
National Drug Store	A	Drugs, wines, toilet articles, za.de products.
Navarro, Feliciano	B	Novelty lampshades.
Oblea Antonio	A	Buntal hats (Lucban).
Orejana's Pharmacy	B	Drugs, toilet articles
Ortiz, Miss Felicidad .	A	Mats, dresses, bagoong, patis, cici, mangocs, etc
Philippine Cotton Mills	B	Cotton cloth.
Philippine Fiber Products	B	Abaca doormats, handbags, belts shoes, slippers, rugs, etc.
Posadas, Benjamin	B	Buntal hats
Reyes, Dr. Lorenzo C	B	Drugs (Katualis)
Reyes, Ramon	B	Silhouettes.
Roldan, Luciano	B	Neckties
Rosario, Teodorico del	B	Coconut grater , stove pinchers, gadgaran, etc.
Rosel Laboratories	A	Drugs, toilet articles, etc.

Name	Class	Article or Business
Salanga, Mrs. T. Fontanilla	B	Neckties.
Samia, Mariano	A	Pampanga directory.
Siojo, Jose M.	B	Inhalators.
Tecson, Mrs. Loreto Oreta	B	Embroidered cushions, dresses, etc.
Universal Drug Store	A	Drugs, toilet articles, etc.
Vega, Mrs. Rosario de	B	Dresses, barong tagalog, etc.
Villanueva, Augusto	B	Canned goods, La Patria products
Villanueva, Feliza Vda. de	A	Polo textiles, etc.
Wolf, C. J.	B	Vinegar.
Bureau of Animal Industry	B	Hams

Sales. The total sales made by the fifth floating exposition amounted to ₱69,950.21. Of this amount ₱48,926.60 represented cash sales and the remainder consisted of accepted orders for goods to be shipped upon the exposition's return to Manila. Below is a comparative statement showing the volume of sales made during the last five floating expositions:

1932 (1st Floating Exposition).	₱10,513.73
1933 (2nd Floating Exposition)	23,596.82
1934 (3rd Floating Exposition)	31,170.20
1935 (4th Floating Exposition)	45,926.62
1936 (5th Floating Exposition).	48,926.60

The increasing value of sales made by the exposition is an indication of the advisability of continuing this activity of the Bureau.

Nearly ₱25,000 worth of merchandise were carried on board the exposition ship. A much larger cash sales could have been made during the trip had a much larger and more commodious boat capable of carrying greater volume of goods been used. The steamer *Batanga* has a loading capacity of only one-half of that of the steamer *Bustamante* which was used in previous expositions except the first. However, agents of the participants received additional merchandise at some ports touched by the exposition. Hereunder is a comparative statement showing the value of sales made at the different ports touched by the five expositions:

* Including sales of rice and sweepstake tickets worth ₱17,178.60.

† Including value of orders for manufactured goods secured during the trip worth ₱1,000.00.

outs. To the expositions, the Bureau sent agents who advertised and furnished information regarding the merchandise that were exhibited. Through these media, the Bureau has helped in the interchange of products manufactured in different regions of the country. Prospective manufacturers were induced to engage in the manufacture of certain articles which could be conveniently made in their own localities, taking into consideration the abundance of raw materials found in the immediate neighborhood.

During the year the Bureau was invited to participate in 27 provincial and municipal fairs and expositions and petit carnivals. Because of the Bureau's limited appropriation and personnel it was able to take part in 11 of these fairs only, while last year 10 invitations were accepted out of the 25 received. The Bureau participated in the following petit carnivals, fairs and expositions:

	<i>Date</i>
1. Malasiqui Petit Carnival, Malasiqui, Pangasinan	January 21-23, 1936.
2. Bocawe Garden Day, Bocawe, Bulacan.....	January 25, 1936.
3. La Union Agricultural, Commercial and Industrial Exposition, San Fernando, La Union	February 1-10, 1936.
4. Majayjay Elementary School Annual Garden Day, Majayjay, Laguna	March 11-13, 1936.
5. Binalonan Centennial Carnival and Exposition, Binalonan, Pangasinan	April 17-20, 1936.
6. Petit Carnival and Exposition, Cebu, Cebu	April 2 - May 10, 1936.
7. Pahhannag Bayan Benefit Festival, Marikina, Rizal	May 1-3, 1936.
8. Aparri Petit Carnival and Exposition, Aparri, Cagayan	May 1-12, 1936.
9. Iloilo Carnival and Fair, Iloilo, Iloilo	April 11, 19, 1936.
10. Calumpit Women's Club Petit Carnival and Benefit Fair, Calumpit, Bulacan.....	May 16-20, 1936.
11. Pasig Carnival and Exposition, Pasig, Rizal	December 26, 1935 to January 3, 1937.

Provincial Trading Centers. Convinced of the necessity and usefulness of provincial trading centers in helping the promotion of local industries, the Bureau established new ones, and rehabilitated those that were struggling. Those which were either operating at a loss or were in a stage of inactivity were closed.

During the year, the Bureau succeeded in establishing the following trading centers:

<i>Name of location</i>	<i>Manager</i>
1. Bacolod Trading Center, Bacolod, Negros Occidental	Dr. Severiana Lina Urosa
2. Capiz Trading Center, Capiz, Capiz	Joaquin A. Acevedo
3. Toril Trading Center, Toril, Davao, Davao	Victoriano de Guzman
4. Zambales Trading Center, Iba, Zambales	Gregorio Dimasano
5. Antique Trading Center, San Jose, Antique	Santiago Deles
6. Bukidnon Trading Center, Malaybalay, Bukidnon	Bienvenido M. Sanvictores
7. Pampanga Trading Center, San Fernando, Pampanga	Jose V. Miranda
8. Ilocos Norte Trading Center, Laoag, Ilocos Norte	Mrs. Juan V. Quevedo

For failure to meet the requirements set forth in Commerce Administrative Order No. 16, some applications for the establishment of provincial trading centers were disapproved.

The principal handicap of some of the provincial trading centers in existence is their inability to secure goods either on credit or on consignment. Insufficient supply of merchandise means little business for the trading centers. In order to eliminate this impediment to their successful operation, it was deemed proper to see that trading centers should operate on a more or less cash basis. It has been noted that provincial trading centers that operate on a practically cash basis are running successfully and are finding no trouble in pushing through their business. The Naga Trading Center and Exchange may be mentioned as an example. Formerly it was dealing in a limited supply of goods and was under incompetent management. At present, it is run and operated by a strong organization of local people who count with sufficient capital. It is now making good and forging ahead in its business. During the year, its monthly average sales of merchandise amounted to ₱1,000. The same thing can be said about the Pampanga, Bacolod, Capiz, Naga, and Daet trading centers which are operating also on a cash basis. It is, therefore, believed that greater success in the operation of provincial trading centers will be attained if all the trading centers under the Bureau's supervision operate on cash basis. Three of the trading centers recently established are backed by sufficient capital and are operating on cash basis.

Standardization of Philippine Goods. Another important activity undertaken by the Manila Trading Center and

Exchange is the standardization of Philippine made textiles, particularly the Ilocano and the Ilongo cambrayas. The "Ilocano-Norte Weaver's Association" was organized for the purpose of creating a standard of Ilocano cambrayas especially in the length and width thereof. In previous years the Ilocano cambrayas sent to the Manila Trading Center for exhibit and sale were woven into various widths and were made into one dress out of 5 meters. The size was highly objectionable to many customers as they were compelled to buy the whole piece regardless of what they might need for certain occasions. Efforts have been exerted to establish a standard width of 37 inches and length of 30 meters to a roller bolt. Because of this standard, the Trading Center is now in a position to offer and sell to its customers the width and length of cambrayas that they need.

The work of standardizing other Ilocano textiles, such as blankets, towels, and bathtows will be continued. Steps leading to the standardization of Ilongo cambrayas have also been taken.

Financial Aid to Small Industries—The Manila Trading Center and Exchange has endeavored to secure financial aid to small industries, particularly the Ilocano weavers. The Honorable the Secretary of Agriculture and Commerce was requested to take up the matter with the Board of Directors of the Philippine National Bank in order that financial aid may be extended not only to the small industrialists but also to all consignors of the Manila Trading Center and Exchange. The officers of the Bank, particularly the Manager of the Small Loan Department, were interviewed, and they approved the proposition. It is gratifying to state that loans can now be secured from the Philippine National Bank by associations that were organized and the individual consignors of the Manila Trading Center and Exchange, upon previous certification of the existence of goods of the borrowers and the recommendation by this Bureau.

Demonstration Campaign for New Industrial Devices—Another special accomplishment of the Manila Trading Center and Exchange is the demonstration of the Alda'la loom in the Ilocano region with a view to showing the people not only the proper way of weaving and the kind of loom that they should use in order to improve the quality of their cloths, but also the standard product required in the demand. The work has been accomplished in cooperation with the Bureau of Plant Industry. Agents of the Bureau of Commerce in the Ilocos provinces were instructed to secure the services of experienced and skilled

The value of merchandise sold was almost double the sales made during the previous year celebration, as shown by the following comparative statement:

Comparative Statement of Daily Sales

<i>1935</i>	<i>Value</i>	<i>1936</i>	<i>Value</i>
August 17	\$434.65	August 17	\$653.41
August 18	90.66	August 18	812.90
August 19	348.00	August 19	773.00
August 20	400.62	August 20	682.27
August 21	437.05	August 21	1,178.85
August 22	609.60	August 22	1,310.94
August 23	518.28	August 23	565.
	\$2,838.86		\$7,976.89
August 24	566.35	August 24	1,111.
August 25		August 25	1,588.
August 26	987.03	August 26	1,205.51
August 27	300.81	August 27	1,133.22
August 28	290.49	August 28	1,117.2
August 29	270.98	August 29	500.08
August 30	208.46	August 30	
	\$2,244.2		\$7,501.18
August 31	543.74	August 31	547.13
September 1		September 1	285.44
September 2	372.58	September 2	333.30
September 3	268.66	September 3	254.19
September 4	282.07	September 4	300.60
September 5	341.47	September 5	505.42
September 6	271.46	September 6	
	\$2,070.88		\$2,236.18
Total	\$6,842.96	Total	\$11,704.49

TRADE REGULATION DIVISION

Preparation of Corporations—The registration of corporations was one of the principal activities of this Bureau. As usual, articles of incorporation and the papers relative to corporations, such as the amendments to articles of incorporation, by-laws or their amendments, were received from all parts of the Philippines. The documents submitted were carefully examined to determine whether they complied with the provisions of the Corporation Law and its amendments, and wherever defects were found, they were returned to interested parties for correction with citation of the particular provisions of law or authorities on the matter. After the defects were corrected

the papers were finally registered and filed upon payment of the corresponding fees.

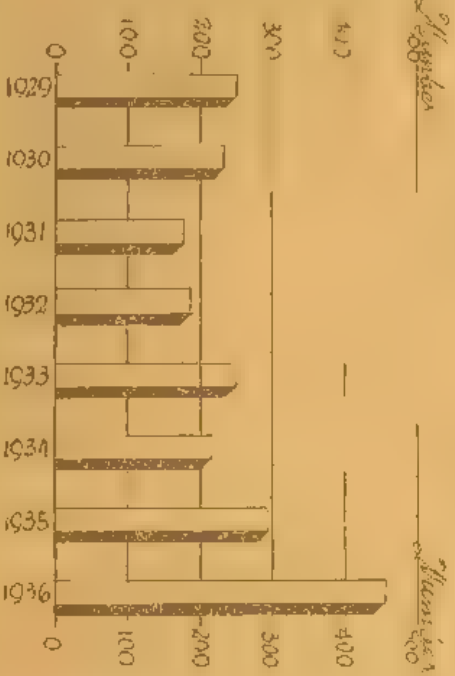
An interesting question came up in connection with the registration of the articles of incorporation of the National Consolidated Mines, Inc. Evidence was presented by the City Fiscal to show that the funds, which the treasurer of the proposed corporation declared under oath had been transferred to it, did not come from the subscribers listed in the articles of incorporation, but from some other people. While the matter was under study, an action for mandamus was filed by the directors of the proposed corporation in the Court of First Instance of the City of Manila to compel the Director of Commerce to register the articles immediately. The case was tried and judgment was rendered against the Director of Commerce. Inasmuch as the powers and duties of the Director of Commerce in the matter of registration of articles of incorporation had been a moot question for some time, it was decided to have pronouncement on the question by the higher court. This Bureau therefore requested the Solicitor-General to appeal the decision to the higher tribunals for a definite ruling.

On account of the mining boom, the year 1936 showed an extraordinary increase in the registration of mining corporations. During the year a large number of unusually increased number of incorporation papers for mining corporations were received and passed upon. Out of a total of 609 domestic corporations registered 191 were mining corporations. The personnel in charge of corporations was kept busy examining and registering mining corporation papers as well as attending to visitors seeking information on this or that mining company or advice on how to incorporate mining corporations. Never before in the history of this Bureau had so many mining corporations been incorporated within a period of one year. During the year 1933, when the first gold boom occurred, the number of mining corporations registered was only 56 as compared with 191 mining corporations registered this year. A great number of investor companies to finance mining operations, management companies to manage mining corporations and brokerage corporations to handle purchase and sales of stocks were also registered.

Sometime in the month of February of the year and thereafter several mining incorporation papers sent to this Bureau were not registered administratively. The cause of the delay in registration was the belief that the registration in November, 1935, of the corporation was irregular and that, in effecting the registration

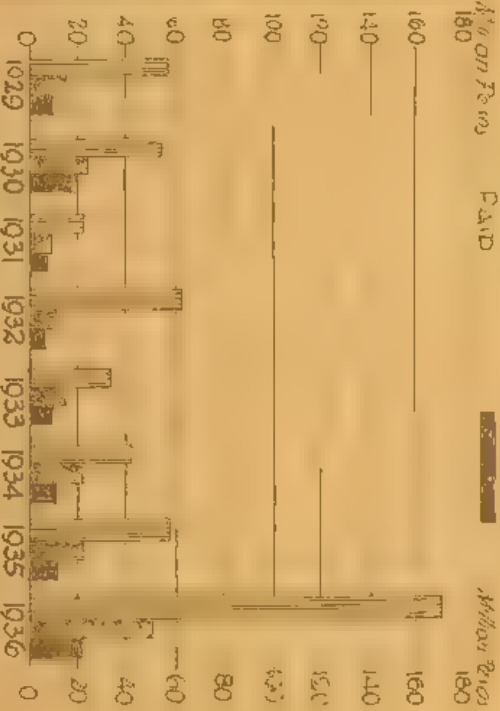
NUMBER OF Stock Corporations REGISTERED 1929~1936

Year	Number	Year	Number
1929	244	1933	297
1930	228	1934	218
1931	178	1935	205
1932	159	1936	402



Capital Invested in Stock Corporations AT TIME OF REGISTRATION.. 1929~1936

Legend	
Authorized Capital	Horizontal lines
Subscribed	Vertical lines
Paid	Diagonal lines



corporations registered during the period covered by this report are controlled by Filipinos and Americans.

From the foregoing, it is manifest that during the year 1936, there was great progress in the registration of domestic corporations, as well as in the amount of capital invested therein.

This Bureau licensed eight foreign corporations to do business in the Philippines upon order of the Secretary of Agriculture and Commerce.

Registration of Partnerships—This Bureau, as usual, registered partnerships organized in the City of Manila. During the year under review, there were examined and registered 270 documents pertaining to partnerships. Out of this number 145 were articles of partnerships, 66 amendments to articles, 27 powers of attorney and 32 articles of dissolution. In the 145 partnerships registered, there was invested a total sum of ₱6,469,653.33 as against 101 partnerships with a total capital of ₱8,387,519.44 registered in 1935.

Callers interested in partnership matters were attended to as usual during the year. Letters of inquiry concerning partnerships were promptly and properly answered.

Registration of Trade-Marks Trade-Names and United States Letters Patents.—The total number of applications for trade marks and trade names received and examined during the year covered by this report was 395. Of this number, 252 were approved and registered. The following is a complete list of the number of registered trade-marks and trade names, showing the classification according to nationalities:

Trade-marks:

Americans	43	
Filipinos	26	
Chinese	41	
Japanese	27	
Others	58	245

Trade-names:

Americans	1	
Chinese	1	

Total	102	
-------	-----	--

From the above figures, it may be seen that the majority of the trade-marks and trade-names registered during the year under review came from the United States.

The total number of trade-marks and trade-names registered during the same period of the preceding year was 186 as against 152 of 1936, showing, therefore, an increase of 66.

There were also examined eight labels, not accompanied by application papers.

Forty-four trade-marks were rejected on the ground that they were not registrable under the law. The names of the rejected trade-marks and the grounds for which the rejection was based, were:

Infringing marks	Registered or known trade-marks
Tanzan, for hair pomade	Tarzan
Rhum Negrita, for rum	Negrita (word and picture)
Clipper, for cigars	Airplane
Katipunan, for bicycle	Bonifacio (picture)
Campana for gaogao	Campana
Toro, for mantles	Toro
Traveller's tree, for under-shirts	Banana tree (picture)
Lifeguard, for soap	Lifebuoy
Fairy, for textile	Fairy
Telescope, for undershirt	Binocular (picture)
Two crossed flags, for matches	Two crossed flags
Maria Iloilo, for cigarettes	Design of "La Grandeza"
Manok, for flour	Gallo (picture)
Ships, for rope	Vapor (picture)
King, for baking powder	Royal
Macopa, for gaogao	Campana (design)
Abacá, for rope	Abacá
Parrot, for cigarettes	Loro
Doll, for matches	Doll
Orion for shirts	Estrela
Flying scissors, for textile	Scissors
Ace, for comb	Ace
Snipe, for flour	Pato (picture)
Winged Lion, for textile	Lion (picture)
Elpo for billfold	Elpo
Capitol, for cigar-cigarette	Capitol
Cow, for soap	Kao
Dalaga, for soap	Señorita
Seco, for shoes	Esco
Good Luck, for undershirts	Suerte Fuerte
Baby Elephant, for textile	Elephant (picture)
Two crossed Golf-Clubs, for textile	Golf
Horseshoe, for textile	European lady enclosed within a horseshoe (picture)

DESCRIPTIVE

DESIGN FOR PATENT

Ironized yeast, for medicine
 Speed Wagon for light motor trolley
 Marked Ball, for football
 No. 1 Commercial with design, for rope

APPLICANT NOT THE OWNER

Golden Fish, for paint
 Optimus, for oil lamps, etc.

V-shaped devices, for rubber tire
 Automobiles, for sale of
 Heiloka Machine
 Sulisorol, for medicine
 Mentor for textile
 Lion, for biscuits
 Magic Bubble Gum, for chewing gums, etc.

The following trade-marks and trade names were declared invalid by request of the applicants or for failure on the part of the applicant to perfect their applications for registration:

Paul Jones, for cigarettes (trade-mark)
 Silanganan Mining Co (trade-name)
 Hollywood, for shirts (trade-mark)
 Cosmos, for shirts (trade mark)
 Cosmopolitan, for shirts (trade mark)
 Letter "U", for plow (trade-mark)
 Letters "L S", for plow (trade-mark)
 Coalicion, for cigars (trade-mark)
 Labo Mother Lode (trade-name)
 San Rafael Mambunao Mining Co. (trade-name)
 Sport, for shirts (trade-mark)
 Oxford, for fountain pen (trade-mark)
 Grape, for flour (trade-mark)
 Insulares, for cigars (trade-mark)
 5 labels, for cosmetic (trade-mark)
 Shell, for hair pomade (trade-mark)

There were 29 trade-marks and 1 trade name pending approval at the close of the period covered by this report because the applicant failed to comply with certain requirements prescribed in Commerce Administrative Order No. 8. They are:

"N" and "C"

Steirmann

Versky

Lemos

Roses

Grant

Phiofirl

Leonard

Hakuba

Red Cross

GEG

General Electric Company, Ltd.

Cross Star

Picture of a star

Rohto

Az Mailob

Sedina

Seven Seas

Gallo

Human Arm (picture)

Worthington

For cases involving the following trade-marks, to wit:

"Globe" for flour
 "Ring Label Design," for cigars
 "Generals," for cigars, and
 "Worcestershire" for sauce

and a decision upon each of the important question of law raised by both parties in the case, which requires a conscientious study and a careful deliberation before a decision could be rendered thereon.

At the close of the year twenty nine trade marks already published in the Official Gazette were brought before the registration where they were entered only by opposition. Cases to be filed within the 30-day period covered by the rules and regulations governing the registration of trade-marks and trade-names. The said trade-marks were as follows:

Copper	La Grandeza
High Commissioner	Alhambra
La Maceda	Royal
Rathenberg	Idealknit
Chamber of Commerce	Cherry
Palmas Reales	El Tamarindo
Banahaw	Marines
Rizal	La Alpina
Hermes	Tarzan
Map	Rainier
Gold Star	Swastika
Pabst	Vat
Vacumatic	The Philippine Commonwealth
Suavidad	Victory
The Community	

Motions for the cancellation of the following registered trade-marks were filed in the office within the period prescribed by Commerce Administrative Order No. 6:

Toro, for mantles
 Traveler's Tree, for undershirts
 Winged Lion, for textile
 Cow, for soap
 Seco, for soap
 Baby Elephant, for textiles
 Two Crossed Golf Clubs, for textiles
 Horseshoe, for textiles,

which motions for reconsideration were decided against the said motions being found manifestly void reasons

During the year since the new, there were recorded 138 assignments of trade-marks and trade-names as against 57 of last year, the majority of which were foreign.

Pursuant to the provisions of Commerce Administrative Orders Nos. 6 and 8, there were entered fifteen cases of appeal to the Secretary of Agriculture and Commerce, as against 4 of last year, from the decision of this office. These fifteen cases concern the following trade marks:

- Winged Lion, for textiles
- Elpo, for billfold
- Amador, for textiles
- Hokos Pokos, for chewing gum, etc.
- Capitol, for cigar-cigarette
- Cow, for soap
- Fan, for paint
- 5 Flores, for hair pomade
- Dalaga, for soap
- Seco, for shoes
- Good Luck, for undershirts
- Baby Elephant, for textiles
- Two Crossed Golf-Clubs, for textiles
- Horseshoe with three briddles, for textiles

With the exception of the trade marks "Good Luck" for undershirts, "Elpo" for billfold, "Amador" for textiles, and "Hokos Pokos" for chewing gum, all cases of appeal have been decided by the Secretary, confirming the decision of this office. As regards the trade-mark "Good Luck" for undershirts, the decision of this office was reversed, so that the trade-mark was finally registered. The appealed cases regarding the trade-marks "Elpo," "Amador," and "Hokos Pokos" have not as yet been decided upon.

Rule 20 of Commerce Administrative Order No. 8 was further amended by making 60 instead of 30 days the period within which to file opposition to the registration of trade-marks for merchandise other than cigars and cigarettes published in the Official Gazette. The first amendment to the said Commerce Administrative Order No. 8, Rule 20, was made to comply with the suggestion of the then Governor General, His Excellency, Frank Murphy, and the second with the suggestion of the American Trade Commissioner. It was alleged that the people of the United States should be given a reasonable time to file oppositions to all trade-marks published in the Official Gazette.

Sixty-two certified copies of United States Letters Patents were filed in accordance with the provisions of Act No. 2235.

The following shows the number of patents and the nationalities of the patentees:

American	46
German	8
Filipino	2
Australian	2
English	1
Norwegian	1
French	1
Puerto Rican	1
Total	62

Sixteen assignments of United States Letters Patents were also recorded.

Registration of Business Names During the year under review, this Bureau registered 1,730 business names written on signboards, as compared with 9,261 business names registered in 1935.

Out of the 1,955 applications received by this office, 211 were rejected because similar or the same names are already registered in this office; the purpose is doubtful and the business does not in reality exist; or the requirements of the law, rules and regulations have not been complied with. Fourteen applications were pending registration at the close of the year. The enforcement of Act No. 4147 began in 1935, when all business names appearing on signboards were not as yet registered. Naturally, more business names were registered in that year as compared with this year, although more names could have been registered had this Bureau been provided with additional men and supplies needed for the registration work and to carry on a more extensive campaign for the enforcement of the law particularly in the provinces.

The following shows the nationality of the applicants and the total amount of capital invested:

Nationality	Number	Capital invested
American	39	P789,840
Armenian	1	2,000,000
British	3	20,700
Chinese	420	2,868,555
Filipino	1,141	7,367,715
French	1	3,000
German	2	5,000
Indian	21	172,350
Italian	3	14,500

Nationality	Number	Capital Invested
Japanese ..	89	328,850
Jew ..	1	15,000
Portuguese ..	1	2,000
Spaniard ..	5	113,000
Swiss ..	1	500
Syrian ..	2	22,000
Total ..	1,730	P13,729,010

In the number of business names registered general merchandise stores above all other kinds of business. Mining associations are next. Some enterprises, although not strictly commercial, have voluntarily registered under Act No. 4147 for purposes of identification. Out of the 1,730 business names registered, 1,141 are owned by Filipinos, 420 by Chinese, and the rest by other nationalities. This shows that the participation of the Filipinos in the trade of the country is increasing every year. The total capital invested in these 1,141 Filipino stores is P7,367,715 as compared with P2,868,555 of the Chinese, and P328,850 of the Japanese.

There are 245 names of mining associations registered under Act No. 4147 and about 68 applications were rejected. In carrying out the registration of these names has been exercised to avoid duplication which might confuse the public.

The following show the number of names of mining associations registered in this office, arranged according to nationality of the registrants:

Nationality	Number
Filipino ..	223
American ..	19
British ..	1
Spanish ..	1
Hawaiian ..	1
Total ..	245

Registration of Alias Names. The registration of alias names was continued during the year under review. There were 68 alias names registered, both new and renewed, out of the 133 applications received. About 50 parties were requested to register their alias names, 23 of whom complied while the rest abandoned the use of their aliases to avoid registration. There were 65 applications rejected due mainly to the fact that the names for which applications for registration were submitted are business names and not names of persons, and that the requisites

prescribed by the rules and regulations were not complied with. There is a decrease of the aliases registered due to the fact that fewer applications for the registration of business names were presented, wherein this office could detect the use of alias names. Besides, this Bureau had no agent who could be assigned to do detection work and discover many alias names which are being legally used mostly by Chinese merchants. The Bureau's commercial agents in the provinces are enforcing this law only as a sideline to their trade-promotion and rural credit work.

Registration of Bulk Sales Documents. During the year, there were registered 66 bulk sales documents under Act No. 3952. Six of the 83 presented to this office, as compared with 29 bulk sales documents registered in 1935. Seventeen bulk sales documents were not accepted for registration due to lack of the necessary and important requirements prescribed by the rules and regulations. A majority of the vendors are Chinese merchants. Many more bulk sales documents could have been registered had this Bureau been able to employ at least one commercial agent in Manila and obtain the cooperation of some public officials in the provinces who could undertake detection work.

Inspection Work in Manila. The inspection of stores dealing in hardware and construction materials and paints located in Manila was continued throughout the year. The result of the inspection showed that, with few exceptions, most of the dealers had complied with the rules and regulations regarding the marking or labeling of the containers of paints, of galvanized iron sheets, barbed wire and nails. Instances of violations of the Paint Law and the Galvanized Iron Law were discovered. In the case of paints, the formula of the constituents of the same were found lacking in the label. The importers were, in such cases, warned that the sale of the same to the public constituted a violation of the law. They were, however, given an opportunity to correct the deficiencies found, and no court action was taken against them. In the case of galvanized iron sheets, three importers were caught selling imported galvanized iron sheets the zinc coatings of which were below the legal specifications. The brands found to be defective in zinc coating specifications were the "Lion Sun," "Makayama" and "Tokyo Ayon Mekki." The sale and distribution of such sheets were suspended by this office, and the importers were warned that a repetition of the offense will be dealt with more severely. The sale of said brands was subsequently discontinued by those concerned.

A total of 65 stores and business houses in Manila were inspected during the year under review as compared with 40 in 1935 in spite of the fact that there is only one agent available for this work.

Several stores selling falsified lotions, perfumes and toilet articles were also inspected. The brands most commonly imitated are "Totam," "Dana," "Povil," "Maderas de Oriente," "Maja," "Hindustan" and "Verbena." The imitation articles were confiscated, and the owners of the stores handling them were strictly admonished not to sell such kind of fake products.

Inspection of Goods in the Provinces.—Despite their very limited staff and means for the enforcement of trade regulation laws, the field agents of this Bureau in the different commercial districts accomplished much in the inspection of stores dealing in hardware and paint products, and those handling imitated products, such as lotions and perfumes. The provinces where the sale of imitation toilet articles was found extensive were Nueva Ecija, Laguna, Tayabas, the Bilal Provinces and Zamboanga. Our agents in those places were able to confiscate a goodly number of bottles of imitation lotions and perfumes, all of which were turned over to local authorities for proper action. Due to the multitudinous duties and assignments of our provincial agents no extensive campaign against the fraudulent sale of mislabeled goods could be undertaken. Their activities in this connection, however, have greatly minimized the number of peddlers distributing fake or mislabeled articles.

Inspection of Fertilizers. The inspection of commercial fertilizers in Manila was continued as one of the routine activities of this Bureau. From January to December, 1936, there were inspected by our agents a total of 3,226.75 tons of fertilizers of different brands with an aggregate value of ₱267,589.50, as against 517¹ tons in 1935. The fertilizers inspected were all from the factories of Pineda & Ampil Manufacturing Co., Inc., and Menzi & Co., both located in Manila. As in previous years, no fertilizer was inspected in the provinces due to lack of personnel who could be sent from the main office to undertake the inspection work.

The following is a comparative statement of the brands of fertilizers inspected in 1936 and 1935, showing quantity and value of each:

	1935		1936	
	Tons	Value	Tons	Value
Ammoniacal			27	\$2,110.00
Patented Special			2	100.00
Patented A	7	\$6,667.00	44	4,111.00
Patented B			16	1,440.00
Patented C			3	19,233.00
Subsistence Ammonia	291	31,110.00	2,084.50	238,500.00
Corona Especial	3	375.00		
Pamco No. 1	11	2,200.00		
Patented	15	2,100.00		
Total	517½	\$42,693.75	3,226.75	\$267,589.50

Registration of Fertilizer Brands. The registration of fertilizer brands under Act No. 3067 was undertaken by this Bureau in 1936 as one of its routine activities. From January to December, 1936, 11 brands of commercial fertilizers were registered as follows:

Registry Number	Brand	Registrant	Date registered
No. 175	Ammoniacal	American Cyanamid Co.	Jan. 25, 1936.
No. 176	Patented	Isabela Sugar Co., Inc.	Mar. 24, 1936.
No. 177	Patented	Isabela Sugar Co., Inc.	Mar. 24, 1936.
No. 178	Patented	Isabela Sugar Co., Inc.	Mar. 24, 1936.
No. 179	Patented	Warner Barnes & Co., Ltd.	Apr. 30, 1936.
No. 180	Patented	Menzi & Co., Inc.	May 12, 1936.
No. 181	Patented	The Harrell Co.	July 22, 1936.
No. 182	Patented	Emeda & Ampil Mfg. Co.	July 24, 1936.
No. 183	Patented	Menzi & Co., Inc.	Aug. 31, 1936.
No. 184	Patented	Menzi & Co., Inc.	Sept. 8, 1936.
No. 185	Patented	Menzi & Co., Inc.	Oct. 8, 1936.

Licensing and Bonding of Brokers.—A total of 810 brokers' certificates of all classes, including those of sub-agents and subscription solicitors, were issued during the year under review, as compared with 479 in 1935, or an increase of 331. The certificates issued in 1936 and 1935 are classified as follows:

Class of Brokers	1935	1936	Increase
Merchandise	182	228	46
Exchange	76	94	18
Stock or bond	89	124	35
Ship	161	123	22
Real Estate	81	67	26
Sub-agents	60	123	123
Subscription solicitors		51	51
Total	479	810	331

^a The number of sub-agents' certificates issued in 1935 is included in the number of stock brokers' licenses issued.

The increase in the brokers' licenses issued in 1936 was mainly due to the mining boom which started early in July, 1936, when an unprecedented activity in the sale of mining stocks was recorded in the local stock market.

The following is a statement of the number of brokers' certificates issued to each class of brokerage from January to December, 1936.

Month	Mer- chandise	Ex- change	Stock	Ship	Real Estate	Sub- Solicitors	agent	Total
January	33	15	2	25	11		2	108
February	13	5	1	6	1		9	35
March	20	14	3	5	3		6	51
April	26	9	3	16	4		4	62
May	18	7	2	6	4	1	4	39
June	24	9	4	15	3	1	11	67
July	21	7	11	13	10		10	72
August	4	1	11	2	6	17	6	47
September	23	3	34	8	6	42	15	150
October	13	7	40	16	5		45	127
November	4	1	6	2	3		7	23
December	15	16	7	7	1		3	49
Total	229	94	124	123	57	61	123	810

Of the 247 certificates issued during the year under review, 71 were surrendered to me, that is, 28.3 per cent, on account of business, 11.1 per cent, on account of stock, 14.1 per cent, on account of ship, 1.6 per cent, on account of real estate, 1.6 per cent, on account of sub-solicitors, and 1.3 per cent, on account of agents, and 12 were cancelled due to failure to file the necessary bond.

The following statement shows the class and number of brokers' certificates cancelled during the year 1936.

Class	Number
Stock or bond	24
Stock or bond (sub-agents)	14
Merchandise	14
Ship	9
Exchange	9
Real estate	4
Total	74

The grand total of certificates issued during the year was 810, and on October 1, 1936, in view of the fact that this class of agents does not properly come under the jurisdiction of this Bureau. Applications from persons interested in submitting descriptions continued to pour in but were rejected for the reasons stated above. Out of the 247 certificates issued to stock brokers and sub-agents, 1 was surrendered for cancellation due to the licensee's failure to file the necessary bond, 12 were cancelled due to

the licensees going out of business or to change of status from individual brokers to corporation or partnership brokers, and 14 sub-agents' licensees were cancelled upon the request of the agents concerned or their principals.

Stock Brokers' Bond and Fees Increased.—By virtue of Commerce Administrative Order No. 3-4, which became effective upon its publication in the *Official Gazette* on September 26, 1936, the bonds required of stock or bond brokers were increased as shown by the following schedule:

(a) For individual brokers:

(1) For ₦100,000 or less volume of business per annum	₦5,000
(2) For more than ₦100,000 but less than ₦500,000 volume of business per annum	10,000
(3) For ₦500,000 or more but less than ₦1,000,000 volume of business per annum	20,000
(4) For ₦1,000,000 or more volume of business per annum	30,000

(b) For partnerships and corporations:

(1) For ₦1,000,000 or less volume of business per annum	25,000
(2) For ₦1,000,000 or more but less than ₦2,500,000 volume of business per annum	40,000
(3) For ₦2,500,000 or more but less than ₦5,000,000 volume of business per annum	60,000
(4) For ₦5,000,000 or more but less than ₦7,500,000 volume of business per annum	75,000
(5) For ₦7,500,000 or more but less than ₦10,000,000 volume of business per annum	90,000
(6) For ₦10,000,000 or more volume of business per annum	100,000

Before the said Commerce Administrative Order No. 3-4 took effect, stock brokers had bonds ranging from ₦2,000 to ₦5,000 for individual brokers, and from ₦5,000 to ₦10,000 for partnerships or corporations.

On October 3, 1936, the fees for stock brokers' certificates were also increased by virtue of the issuance of Commerce Administrative Order No. 3-5, as shown by the following schedule:

(a) For individual brokers:

(1) For ₦100,000 or less volume of business per annum	₦25.00
(2) For more than ₦100,000 but less than ₦500,000 volume of business per annum	50.00
(3) For ₦500,000 or more but less than ₦1,000,000 volume of business per annum	75.00
(4) For ₦1,000,000 or more volume of business per annum	100.00

(b) For partnerships and corporations:

(1) For ₱1,000,000 or less volume of business per annum	75.00
(2) For ₱1,000,000 or more but less than ₱2,500,000 volume of business per annum	100.00
(3) For ₱2,500,000 or more but less than ₱5,000,000 volume of business per annum	125.00
(4) For ₱5,000,000 or more but less than ₱7,500,000 volume of business per annum	150.00
(5) For ₱7,500,000 or more but less than ₱10,000,000 volume of business per annum	200.00
(6) For ₱10,000,000 or more volume of business per annum	250.00
(7) For each certificate of authority in favor of a stock or bond broker	10.00

Before the promulgation of the said Commerce Administrative Order No. 35, stock brokers and their sub-agents paid a flat rate of ₱5 for each certificate of authority issued. This increase in the rates of fees served to swell the collections of this Bureau.

The bonds required of other classes of brokers, as well as the fees for issuing the corresponding certificates of authority remain the same as in previous years.

Regulation of Stock Brokers During the Boom—As previously stated the stock market boom started in July. Prior to the boom, it had never been possible, through lack of personnel, to make regular inspections of brokers' offices and brokers' books. But in July, as the flurry of the stock market became more persistent, the Director immediately detailed five men—two chiefs of section and three commercial agents—to watch the stock market. These five agents made daily inspections of stock brokers' offices and books from July to September when they were assigned to work under an examiner from the Bureau of Banking and an auditor from the General Auditing Office. In their inspections they found no evidence of manipulation of stock prices by brokers, of the use of dummies, or of improper delay in reporting execution of orders to clients in order to take advantage of the fluctuations in prices. They investigated on August 29 the case of the Universal Exploration stocks which in less than one month's time rose to twenty points. Seven big Manila Stock Exchange brokers were found to have traded heavily in these stocks, but on investigation of the books of these brokers, it was disclosed that all purchases and sales had been made on orders of clients. These agents also investigated the complaint of some traders to the effect that many brokers indulged in paying selling customers with post dated checks. This complaint was found to be unfounded for it was disclosed that

Twenty-two licensed brokers were involved, and the forty-eight complaints presented against them may be classified as follows:

For getting price differences..	3
For delay in delivery of certificates	18
For refusal to deliver certificates.	1
For delay in delivering proceeds of sale	3
For refusal to deliver proceeds of sale	1
For selling or buying without consulting customer or without his specific authority	4
For delay in executing buying order	1
For delay in executing selling order	1
For lending or otherwise disposing of certificates deposited by customers	2
For miscellaneous causes including trading on their own account not in accordance with regulations.	10
Total	48

Of the twenty-two stock brokers, two were subjected to disciplinary action. The first was suspended for two weeks, and the second was given a warning. Both were found to have traded on their own account directly, and not through other brokers, in violation of Sec. 5 of Commerce Administrative Order No. 7. No evidence was found to justify the taking of disciplinary action against the other twenty brokers. The allegations of the complainants were either not properly sufficient evidence or where they were established were found to have involved no bad faith on the part of the brokers concerned, making the complaints more properly the subject of judicial action for non-performance of contract, than the subject of administrative action for discipline. The cases against the persons acting as brokers without licenses were turned over to the Secret Service of the City of Manila, a matter properly falling under the jurisdiction thereof.

Coincidentally with the examination of brokers made by the bank examiner, the auditor, and the agents of this Office the Bureau began to study the situation for the purpose of recommending remedial measures. How this Bureau sized up the situation and what remedial measures it recommended may be seen in the Director's letter to the Secretary of Agriculture and Commerce, dated August 11, 1936, which is hereunder quoted in full. The letter is quoted in full because it sets forth succinctly and in the clearest possible manner the situation as it appeared, and presents the bases for the remedial measures recommended.

I have the honor to submit the following additional report on the inquiry that is being made by this office of the stock market and stock brokers:

"COMPLAINTS

We have found the following to be the principal complaints of the trading public against the brokers:

- "(a) Violation of section 1 of Commerce Administrative Order No. 7, Trading Rules for Stock Brokers. This Section prohibits a broker (1) to profit from price differences, such as for example, the difference between a higher price named by a buyer in his order to buy and a lower price offered by a seller (2) to buy or sell on his own account for purposes of speculation or manipulation of the market.
- "(b) Delay in the delivery of shares ordered to be bought. The present regulations require delivery within two days after the purchase has been confirmed, if the transfer office is in Manila; and within six days, if such office is outside of the City.
- "(c) Insufficiency of the bonds of the brokers, considering the amount of the trading public's money and securities that they handle. At present the practice is to require buyers to deposit with the broker at least 50 per cent of the value of the shares ordered to be bought and to pay the other 50 per cent before the certificate of the stock bought ordered made out in their names.
- "(d) Trading in speculative securities which are not yet authorized by the Insular Treasurer, to the detriment of an unwary purchasing public. The particular class of securities traded in is association 'units.'
- "(e) Inadequacy of the quotation board of the Manila Stock Exchange. The board is low, and when a part of the trading public is standing in front of it, its lower part cannot be seen by the people in the rear.

Of the first complaint the investigating agents of this Bureau have not found concrete evidence. A substantial as well as highly intelligent and experienced trader told us that no letting of price differences and speculation exist but that it would be extremely difficult to get sufficient evidence thereof by just going over brokers' books. From the fact, however, that the complaints on this matter are persistent, we may safely conclude that the irregularity exists.

"Instances of delay in the delivery of the stock certificates over the period fixed in the regulations have been found by our agents. In the very big majority of the cases, however, the delays were not due to the brokers, but to the transfer office of the corporation concerned. In almost all cases we found the brokers to have sent the requests for transfer in due time. The delays in the transfer office are due to many causes. Sometimes it is the volume of the request for transfers, sometimes it is the absence of some official

of the corporation required by law to give the necessary data. But for such data the brokers cannot buy or sell on their own account, they have no, and cannot, control the actions of said office. The present regulations that it is believed are far enough to be enforced and should be left unchanged.

The bonds now required of brokers are not excessive, and are sufficient, being only two to five thousand pesos for individuals, according to the volume of business, and for firms according to the number of partners and a corporation. They are much less than the bond now required of \$10,000 for individuals and \$20,000 for corporations, and perhaps are very far below the requirements of the present volume of business of the brokers. New rates compatible with the existing conditions should be adopted.

"A few brokers are known to have sought purchasers for and to sell securities outside of what law now authorizes, unauthorized by the usual Treasurer. As before stated, the securities are, in the main, units of participation in unregistered companies, and not the tradability of permitted free traffic. Unauthorized speculation in securities is generally considered improper, and should be discouraged to encourage such traffic by participating in exchange and marketing facilities of their offices.

"As to the inadequate facilities of the Exchange, the Exchange Building will be at once a satisfactory place for the report of the public and the improvement of the Exchange in their quarters. This the institution plans to do in the near future. In addition, it is expected also to install within the Exchange a window looking out between the exchange and the public, so that if the brokers remain within their respective offices, it will be necessary for the public to conglomerate in the public room of the exchange, as they are doing now. They could remain in their respective brokers' office and here receive the quotations and be told the time that such quotations are put on the exchange board.

"REMEDIAL MEASURES RECOMMENDED

To meet the complaints against brokers in connection with speculations and buying and selling on their own account for purposes of speculation and manipulation, and against participation in the sale of unauthorized shares, and as measures of precaution to prevent the commission of the above complained of wrongs, the following:

"1. Brokers should be required to note on each buying or selling order slip the time of the execution of the same.

"2. Brokers should inform the customer, upon the date, day and hour of the execution, immediately after the session of the Exchange whether his order had already been executed or not.

"3. Sec. 5 of Commerce Administrative Order No. 7 should be repealed so that brokers, as private individuals, shall not buy and sell securities on their own account.

"4. An inventory of all securities now held by brokers on their own account will be taken and provisions made for the gradual disposition of the same.

"5. Brokers may be permitted to put sell the securities in their name, although they may be any other person's own, to the extent not carrying out their parts of the contracts.

"6. Brokers shall be permitted to render assistance if the board is found to be of such a nature as to forbid it to own stock in such corporations except for investment.

"7. Brokers shall be required to put in a book as a list of all securities authorized by the Insular Treasurer for the information of the public.

"8. Stock exchanges shall be prohibited from allowing individuals to enter to execute orders for buying and selling securities not authorized by the Insular Treasurer.

"9. Brokers shall be required to submit their monthly balance sheets.

"The foregoing recommended measures are submitted in the form of proposed Commerce Administrative Orders, which are hereto attached as Commerce Administrative Orders Nos. 72 and 73.

"It is suggested that these proposed measures be referred to the Honorable the Secretary of Justice for his opinion before they are adopted.

"Further explanation of some of the above measures is given below:

"REQUIRING NOTATION OF TIME OF BUYING AND SELLING ORDER SHEETS, ETC.

"The requirement that the time of execution be noted in the buying and selling order sheets is designed to prevent the broker from claiming to the customer that the stock was bought or sold at a certain price, when in truth and in fact they were purchased or disposed of at another price. The customer can check the price claimed by the broker by comparison with the stock exchange quotation appearing in the papers at the time in question. The requirement that the broker shall upon demand of the customer, made at any time during or immediately after each stock exchange session, state whether an order had already been executed or not, is intended to prevent the broker from saying later on that the buying order, say, could not be executed when in fact it was. The purpose of the broker to keep the share purchased for himself and to resell same in the next session at higher prices.

"Repeating Section Five Taking an Inventory of Stocks Held by Brokers on their Own Account, etc., Allowing Brokers to Put Shares in their Own Names under Certain Circumstances

"What section 5 of Commerce Administrative Order No. 7 is, has already been disclosed. It is believed that this Section, which allows a distinction between a broker as a broker and a broker as a

private individual, and permits him to trade for his own account in the latter capacity, is responsible for the broker's speculation as a broker. It is hard to detect when a broker is speculating as a broker and when as a private individual, and to detect knowing this, take advantage of it, claiming when possible that he is actually speculating in his capacity as a private individual rather than in his capacity as a broker. When otherwise well treated, the case of the broker is to be commended, provided he is speculating for his own account. This suggestion is a proposal. The proposal is radical, but it is not so in fact. A broker is essentially just an agent, not a principal, and trading as a principal is not his inalienable right. In some countries, as in England, for example, where a regulation is made that the broker's account is to be kept on one's own account is reserved only for the jobbers. Brokers are permitted to trade only for the account of others. The relative newness of stock market operations in the Philippines and the irregularities to which they lend themselves in the hands of operators is the reason why the Government and the public are reluctant to follow justifies, it is believed, the adoption of the English system in this country.

The proposal is to permit the broker to trade for his own account, but to require that he should be a broker with a license issued by the Government. The Government could set the price of the license, but the broker could set the price of the shares. The shares could be sold by them on their own account. The proposal under consideration is that the broker should be required to submit under oath to the Director of Commerce a list of all his shares. After submitting the list, he would be permitted to dispose of such shares not, however, to his customers directly, but to other brokers to cover the latter's buying orders. He would, however, be permitted to sell his shares on his own initiative if that be necessary to avoid loss to the market. But when he does that he would again be required to sell, not directly to his customers but to other brokers. He would be required to report each sale under the name of the Director of Commerce. By this method, it is believed, the Government can without doing any injustice to the broker, get him to dispose of all his shares and to direct the disposition thru the proper channels.

"There are cases where there is no alternative for the broker other than to put the shares in his own name and account. This happens when, for example, a buying customer after the purchase has been executed, refuses to take delivery. In cases of that kind, if the broker is to avoid the loss of the purchase price he had advanced, he must be allowed to put the shares on his own name and sell them afterward in the open market. The proposal takes these situations into account and permits the brokers to do the proper thing.

Not Permitting the Broker to be a Director and Limiting his Stock Purchases to Investment

"Security prices can more easily be manipulated by the corporations themselves than by the people. A rumor spread by the

directors of a corporation can easily raise or depress the market prices of the corporation's securities depending on whether the rumor is favorable or unfavorable. A good rumor creates an active market which is favorable to the broker, both as a broker and as a holder of shares of stock. As a broker he would get plenty in commissions, and as a holder of stocks, he can sell his holdings at considerable profit. The temptation therefore, of brokers sitting in boards of directors to manipulate prices is very great. It is for that reason that the sitting of brokers as directors of corporations is quite illegal for both the holding of stocks limited only to investment.

"BONDS

"In addition to the above measures, I wish also to recommend the adoption of new rates for stock broker's bonds according to volume of business, as follows:

"For individuals	₱20,000 to ₱50,000
"For corporations and partnerships	50,000 to 120,000

"This recommendation is embodied in the attached proposed Commerce Administrative Order No. 3-4.

"PERMANENT PERSONNEL

"Lastly, I wish to recommend that a permanent personnel be provided for the regulation of stock brokers. Experience in the present investigation has shown that the Bureau of Commerce does not count with sufficient and adequate personnel to undertake effectively the proper regulation of the stock brokerage business. This business is growing in leaps and bounds and demands constant attention on the part of the Government for the protection of the public. Proper personnel for the purpose should be provided. For the next year, or before, if possible I therefore recommend the following positions for the Bureau:

"One Chief Examiner	₱3,600 per annum
"Two Examiners at ₱2,040	4,080 per annum
"Two Assistant Examiners at ₱1,800	3,600 per annum
"One Stenographer	720 per annum

Total ₱12,000

"In making appointments to these positions preference should be given to the following Civil Service eligibles: (1) bank examiners; (2) certified public accountants. Practical business men may also be considered for appointment. This force shall devote itself to the following work:

- "(a) Examination of books and records of stock exchanges and stock brokers, to see that the rules and regulations are properly observed, and that no irregularities are committed;
- "(b) Survey of and report on the security market;
- "(c) Gathering, compilation and distribution of data on mining corporations, their properties and securities. This information would be of great help to the investing public.

As approved by the Secretary, the remedial measures recommended by this Bureau appear in Commerce Administrative Orders Nos. 7-2 and 3-4. No. 7-2 hereafter became effective, as its publication in the Official Gazette was suspended at the request of the Secretary of Justice. No. 3-4 became effective September 16. Later in September (September 17, 1933, to be exact) the Director recommended and the Secretary approved, Commerce Administrative Order No. 3-5. This order imposed the payment of higher license fees and required financial responsibility as conditions for the issuance of licenses, the idea being to limit the stock brokerage business to persons who are in possession of enough wealth to answer for their contractual obligation to their clients. The content of Commerce Administrative Orders Nos. 3-4 and 3-5 have been given under the heading "Stock Brokers' Bonds and Fees Increased".

Exchanges Licensed—Two stock exchanges were licensed during the year: the International Stock Exchange, a corporation, licensed on September 15, and the Central Stock Exchange, another corporation, licensed December 15. The two new stock exchanges were born of the prevailing optimism that stock market trading in big proportions has come to stay and that there would be enough business for three exchanges. In line with the strict policy adopted in the new Commerce Administrative Orders Nos. 3-4 and 3-5 above mentioned, these exchanges were licensed under the following conditions:

1. That they submit trading rules satisfactory to the Director of Commerce.

2. No other rules or regulations of the Exchange shall be put into effect unless they themselves have been furnished to the Director of Commerce. The Director of Commerce reserves the right to suspend the operation of any such rules or regulations or parts thereof at any time in his discretion.

3. The Director of Commerce may direct the Exchange to adopt such additional rules and regulations as he may see fit.

4. The Director of Commerce may require the Exchange in his discretion, to adopt for its members a uniform system of accounting satisfactory to him.

5. The Exchange shall provide itself with a sufficient number of auditors, and it shall be the duty of these auditors at least once every two months to inspect and examine all members' books, records, accounts, securities, cash, etc. to determine (1) the financial position of each such member, and (2) to ascertain whether such members observe strictly the rules and regulations

assailed by the Director of Commerce for the government of stock brokers and the stock brokerage business. A copy of the auditors' report, verified by a list of the auditors making the examination shall be filed with the Director of Commerce.

The Exchange and its members shall immediately upon demand of the Director of Commerce, produce for his inspection or examination or for that of his duly authorized representatives, any and all books, records, accounts, securities, cash and other assets used by them in their brokerage business or in connection therewith. They shall likewise immediately submit to him any data he may call for concerning such books, records, accounts, securities, etc., from them, in the form he may determine. In calling for the production of books, records, accounts, etc., and for the submission of data, the Director or his duly authorized representatives may demand testimony under oath of the Exchange or its members regarding such books, records, accounts, etc., and data.

No new member shall be admitted or elected to the Exchange unless such person is duly provided with a certificate of authority to engage in the stock brokerage business issued by the Bureau of Commerce; and no agent shall be allowed to work in the offices of member brokers or transact business on the floor of the Exchange without such certificate of authority.

No member of the Exchange or sub-agent of such member shall be allowed to trade in any security on his own account, except as permitted in the regulations governing stock brokers.

The Exchange shall report to the Director of Commerce any administrative action taken against any of its members, with the facts of the case, immediately after such action has been taken.

This permit is good until December 31, 1936 only unless sooner suspended or revoked and is renewable each year thereafter, in the discretion of the Director of Commerce and depending on how the Exchange observes the foregoing conditions and such other requirements as he may see fit to impose during the life of the license.

In fairness to the two exchanges mentioned, the same conditions were imposed on the Manila Stock Exchange which has been functioning since 1929.

Income. This division realized a total income of ₱120,285.47 during 1936, as fees from the registration of mercantile documents and from other sources as follows:

Registration of corporations	₱78,137.60
Registration of partnerships	7,478.00
Registration of trade-marks, trade-names and patents	19,474.46
Registration of brokers, fertilizers, aliases, business names and styles, bulk sales and documents and exchanges, and fees from sales of fertilizer tags, and penalties for late renewal and of brokers' licenses and aliases	13,889.30
Miscellaneous collection	130.70
Collections of other divisions	1,175.41

Total collections for 1936 ₱120,285.47

THE FIELD SERVICE

The field activities of this Bureau were under the immediate direction and supervision of the Coordinating Committee, with the chief of the Cooperative Marketing and Credits Division as Chairman, and all the chiefs of the other divisions as members.

On August 1, 1936, a supervising field agent was assigned to act as executive officer of the Coordinating Committee, thus practically taking charge of the supervision of the work of the personnel in the field and the coordination of their activities.

There were during the year 16 commercial districts, grouped as follows:

- District No. 1—Batanes, Cagayan, Isabela, and Nueva Vizcaya.
- District No. 2—Abra, Ilocos Norte, and Ilocos Sur.
- District No. 3—La Union and Mountain Province.
- District No. 4—Pangasinan and Zambales.
- District No. 5—Tarlac, Pampanga, and Bataan.
- District No. 6—Bulacan and Nueva Ecija.
- District No. 7—Tayabas, Laguna, and Marinduque.
- District No. 8—Manila, Rizal, Cavite, Batangas, Mindoro, and Palawan.
- District No. 9—Camarines Norte, Camarines Sur, Albay, Sorsogon, and Masbate.
- District No. 10—Samar and Leyte.
- District No. 11—Capiz and Romblon.
- District No. 12—Iloilo and Antique.
- District No. 13—Negros Occidental and Negros Oriental.
- District No. 14—Cebu and Bohol.
- District No. 15—Oriental Misamis, Occidental Misamis, Lanao, Bukidnon, Agusan, and Surigao.
- District No. 16—Zamboanga, Sulu, Cotabato, and Davao.

The commercial agents assigned to these commercial districts carried the greatest burden of the Bureau's work in the field. They represented the Director of Commerce in their respective communities and responded to all the calls and demands of the public, particularly the merchants, the producers and the consumers. The commercial agents performed varied and diverse activities pertaining to the functions of the functional divisions of the Bureau. Their accomplishments, therefore, are embodied in the reports of the said functional divisions.

ORGANIZATION AND PERSONNEL

The organization plan laid out in Commerce Administrative Order No. 12 of June 19, 1935, was closely observed and followed throughout the year 1936. The Bureau of Commerce carried out its executive functions through six divisions: Admin-

Administrative Division, Commercial Intelligence Division, Market Division, Cooperative Marketing and Credits Division, Manila Trading Center and Exchange, and Trade Regulation Division.

At the end of the year, the personnel numbered 132 as against 171 at the beginning.

The following show the changes of personnel and the causes therefor:

Number of personnel at the beginning of the year		
1936	171	
Number of new appointments	25	
Number of reinstatements	2	
Number of personnel transferred from other bureaus and offices to the Bureau of Commerce	2	200
Number of resignations	16	
Number of separations	13	
Number of personnel transferred to other bureaus and offices	39	68
Number of personnel on December 31, 1936		132

* 15 to the Budget Bureau, 22 to the National Loan and Investment Board but actually working in the Bureau; 2 to the Department.

RECOMMENDATIONS

In order to carry out more effectively the functions of this Bureau in the promotion of trade and industries and in the enforcement of trade laws and regulations, the following measures are earnestly and respectfully recommended:

1. That a more adequate building to house the Bureau and the Manila Trading Center and Exchange be provided. The present rented quarters at 612 Avenida Rizal are too small and inadequate for the offices of the Bureau. The Trading Center should be provided with a space commodious enough to contain a complete and artistic display of Philippine goods, to make the institution worthy of its name as a government department store dedicated to the promotion of Philippine industries.

2. That the Bureau be provided with an adequate field personnel to carry out the extension work that the Bureau is called upon to undertake in the provinces. In the absence of any item for field personnel in the present appropriations of the Bureau, and because of the urgent need for extension work in the field, 17 men, mostly low-salaried clerks, were drafted from the personnel of the main office and temporarily assigned to do field work at the sacrifice of important activities of the divisions

affected. This arrangement is unsatisfactory and the previous recommendation submitted with the proposed budget for 1937 for an appropriation of at least ₱56,000 to provide for the necessary field personnel of the Bureau is hereby reiterated.

3. That an arrangement be made with the Department of Finance for the use of one of the Government steamers for another floating exposition in 1937.

4. That means be provided for more effective supervision and inspection of the 571 rural credit associations, including the collection of overdue loans and improvement of the management and administration of the affairs of these associations. To this end, the portion of the reserve fund provided for in Commonwealth Act No. 123 for supervision of rural credit associations should be made available, preferably by depositing said fund in the Insular Treasury, to be spent for this purpose.

5. That the Agricultural Cooperative Fund created by Act No. 116 be loaned out to farmers' cooperative marketing associations in accordance with rules and regulations promulgated by the Secretary of Agriculture and Commerce.

6. That help be given to farmers in the warehousing of their products by: (a) the enactment of a general bonded warehouse law; (b) amendment of the Bonded Rice Warehouse Act (No. 5893) to give the Director of Commerce adequate power to protect and safeguard the interests of depositors; and (c) the construction of warehouses for copra, tobacco and other products in accordance with the provisions of Acts Nos. 50 and 95.

7. That in order to intensify the campaign being waged by this Bureau against unfair trade practices, the following personnel and appropriations be provided for this purpose:

One Inspector of galvanized iron sheets, paints and fertilizers with knowledge of chemistry	₱1,200
One Inspector (for fertilizers and mislabeled goods)	960
Two Inspectors (for galvanized iron sheets, paints and other mislabeled goods) at ₱840	1,680
For traveling expenses and per diems	600
For consumption of supplies and materials	150
For purchase of samples of mislabeled goods	1,200
Total	₱5,790

The present personnel and appropriations are too inadequate to render effective service in connection with the campaign against unfair trade practices.

8. That a Philippine Trade Commission be created to perform the duties of the proposed Fair Trade Board provided for in National Assembly Bill No. 1538 which was approved on Second reading in the last session of the National Assembly.

9. That an amendment to the Corporation Law be recommended requiring all registered corporations to submit to this Office their statements of assets and liabilities within the first fifteen days of every year together with their newly elected officers.

10. That the obsolete system of registering partnership papers and documents by means of copying the documents verbatim in the books be eliminated, by enacting a law to that effect. Their registration should be made similar to corporation papers by merely filing the articles of copartnership.

11. That an adequate fire-proof vault be provided for the safe-keeping of the valuable government records and public documents being kept in the Mercantile Registry of the Bureau. These documents are now exposed to fire risks in the present manner in which they are being kept; hence the previous recommendation to provide a fire proof vault for them is hereby reiterated.

12. That legislation be enacted, amending the Organic Act of the Bureau, authorizing the Director of Commerce or his duly authorized agents to enter the premises of any person, firm or corporation for purposes of inspection, and to make arrests and seizures for the violation of any law or regulation entrusted to the Bureau for enforcement or administration; and also to give the Bureau authority to compromise any civil or other action arising under any Act or regulation administered by it, in such manner and for such sum as the Director may deem just and reasonable. This authority is being exercised by other bureaus like the Bureau of Customs and the Bureau of Internal Revenue. If this Bureau is given such authority its work in the enforcement of trade regulation laws will be greatly facilitated.

Very respectfully,



Director of Commerce

Blank Page

APPENDICES

Blank Page

APPENDIX A

January 7, 1937

The Honorable
The SECRETARY OF AGRICULTURE AND COMMERCE
Manila

SIR: In compliance with your instructions of December 26, 1936, I have the honor to submit the following report on the progress of the campaign undertaken by the Bureau of Commerce against unfair trade practices.

UNFAIR TRADE PRACTICES

Laws on the subject. The Bureau of Commerce was given the following laws to enforce:

- (1) Act No. 3595 (Galvanized Iron, Barbed Wire and Nail Law).
- (2) Act No. 3596 (Paint and Paint Materials Law).
- (3) Act No. 3883 as amended by Act No. 4147 (Alas and Balaos Name or Style Law).
- (4) Act No. 3067 (Fertilizer Law).
- (5) Revised Penal Code, Art. 186 (Monopoly Law).
- (6) Act No. 3740 (Fraudulent Advertising, Mislabeling and Misbranding Law).
- (7) Act No. 3952 (Bulk Sales Law).

The campaign against unfair trade practices has been undertaken by the Bureau of Commerce mostly under the above-numbered Acts 3595, 3596 and 3740.

Compilation of different unfair trade practices. In a survey conducted in Manila from May to June, 1936 for the purpose of constituting unfair trade practices which are prevalent in the city. These unfair trade practices may be classified under four principal groups, as follows:

GROUP 1: *Alliteration of commodities misrepresenting themselves as pure or selling them under such names or descriptions that they may be misled into believing them to be pure:*

1. Mixing ground coffee with milled corn or beans and selling them as pure coffee.
2. Mixing inferior grade rice with first-class rice and classifying it as first class or superior quality.
3. Adulterating pork lard with tallow.
4. Mixing pork lard with vegetable lard, and selling same as pure pork lard.
5. Diluting of patis, toyo and vinegar with artificially colored water.
6. Diluting of wine with water condimented with pepper.
7. Diluting of canned milk with water, when coffee or cocoa is ordered in cheap coffee shops or refreshment parlors.

8. Adulterating molasses with water and selling as pure molasses flour.

9. Diluting of molasses with artificially colored water.

10. Adulterating red pepper with colored flour or gawgaw. The same method is also used in case of indigo.

11. Mixing molasses with salt water and selling the mixed ingredients as "toyo".

12. Mixing molasses with water and selling as pure molasses flour. This method is also used in case of indigo.

13. Mixing molasses with water and selling as pure molasses flour. This method is also used in case of indigo.

14. Mixing molasses with water and selling as pure molasses flour. This method is also used in case of indigo.

15. Adulterating high quality paints with inferior ones and selling the same as genuine paints.

16. Mingling imported mongo with native mongo.

GROUP II. Misrepresentation in various ways calculated to deceive the purchaser.

17. Short-weighing of articles sold in kilos or pounds, such as sugar, potatoes, onions, beans, ham, etc.

18. Short-measuring rice. When pouring rice into purchaser's container, it is so performed, depending on position of bayer, that a little of the poured rice drops on to the original pile.

19. Short measuring cloth, wire, rope, twine or any other article sold by the yard or meter.

20. Delivering short-weight barrels of cement enclosed in wooden or paper containers.

21. Cutting several yards of barbed wire from each reel.

22. Delivering short-weight articles sold by the piece, without deducting the weight of the said wrapper.

23. Delivering lumber short-measured.

24. Delivering wrapped articles sold by the piece, short by a number of pieces.

GROUP III. Misrepresentation in various ways calculated to deceive the purchaser.

25. Misbranding of fabrics by imitating the well-known trade mark or brand of another manufacturer. Examples of this unfair method are the stamping of the mark "101" on inferior drill cloth, and "Madapolan" on low-grade coco cloth, etc.

26. Misbranding of fabrics by imitating the well-known trade mark or brand of another manufacturer. Examples of this unfair method are the stamping of the mark "101" on inferior drill cloth, and "Madapolan" on low-grade coco cloth, etc.

27. Misbranding of fabrics by imitating the well-known trade mark or brand of another manufacturer. Examples of this unfair method are the stamping of the mark "101" on inferior drill cloth, and "Madapolan" on low-grade coco cloth, etc.

28. Imitating the designs of well-known and reputable furniture manufacturers so as to create the impression in the mind of the

label that the label is selling the genuine products of the reputable firm.

20. Mislabeling ropes and wires by manufacturers of inferior class of rope, so as to make their product appear as the products of the well-known manufacturers.

GROUP IV.—*Various schemes to deceive or defraud the purchasers:*

30. Sprinkling water on rice, causing grains to expand and increase in weight.

31. Removing several sticks of matches from each box.

32. Removing a package of cigarettes from each carton and stuffing the latter with old newspapers.

33. Removing a number of candies from their original containers.

34. Substituting inferior quality of cigars for superior quality or brand.

35. Pouring a poor class of wine or liquor into bottles of well-known and superior class of wine and selling the same as good quality.

36. Erasing the word "imported" printed on the shells of Chinese eggs and selling the eggs as native.

37. Inserting bottles of vinegar in sacks containing rice, thus causing the rice to expand and increase in weight.

38. Sprinkling of water on gawgaw or starch, causing same to increase in bulk.

39. Mingling of inferior quality of goods with good ones when selling fruits, vegetables, grains or canned goods.

40. Removing several pieces from bundles of firewood or rattan.

41. Inclining instruments of measures, such as liter or ganta, when selling rice or other grains.

42. Displaying new and superior quality of goods on show-windows, but when prospective buyers decide to buy they are given articles not conforming to those advertised.

43. Using balance or scale which has been manipulated or tampered with, in weighing articles sold.

44. Inserting a piece of board about $\frac{1}{2}$ inch in thickness at the bottom of the liter or ganta, thus reducing the quantity of grains measured.

45. Using ganta or liter covered with materials accumulating inside of the instrument because of long or continued use.

46. Removing a number of apples, grapes, onions or potatoes from their containers after the same have been contracted for.

47. Reducing contents of bottled drinks, like lemonade, soda, zarzaparilla, etc. and substituting them with water.

48. Using false or misleading advertisements.

49. Selling furniture made of white lauan as teakle.

50. Using lumber remnants or *costiñeras* for making furniture.

51. Using inferior quality of wood or lumber in concealed parts of furniture.

52. Falsely claiming that the laborers working in a certain furniture factory had previously worked in a reputable manufacturing concern when in fact, they have not.

53. Using "achuete" mixed with some kind of ingredient, instead of shellac, in polishing furniture.

54. A well-known furniture manufacturer received an order for making a certain kind of furniture according to the design and specification desired by the customer but instead of executing the work itself, the manufacturer places the order with another furniture shop which turns out inferior quality of furniture.

55. In so-called bargain sales, the goods are marked with exaggerated low prices, such as from \$4.00 to \$2.35 when in fact only a small percentage of the original price has been sliced.

56. Deliberate dishonesty on the part of the sellers which consists in reducing the pile selected by the buyer when the latter is not looking. This practice may be described as follows: When purchasing stumps, saws, clams and snail shells the buyer usually makes his selection and separates same from the original pile and then offers his price. The seller usually refuses the price offered and haggling follows. When the seller and buyer do not come to terms, the buyer turns around and starts to go. As soon as the buyer turns his back, the seller quickly takes away pieces from the pile, and calls back the buyer who pays the price offered.

In the foregoing list of the most prevalent unfair trade practices may be added the following dishonorable business methods which are practiced by seller against his competitors:

57. Making false or disparaging statements against competitors' products, their business, financial credit, etc.

58. Controlling the price of merchandise by cornering the market. Some wholesale traders, when prices are dull, buy as much as they can at the prevailing low prices and store the merchandise away, and when the opportunity comes, sell them at very high prices.

59. Combination of traders to prevent certain class of retailers from procuring goods at the same terms afforded by competitors, thus underselling their competitors.

60. Conspiracy between wholesalers and certain class of retailers.

If the supply of certain kinds of merchandise is almost exhausted, the wholesalers refuse to sell any to other retailers but reserve the same to their co-conspirators thus damaging the business of other competitors.

Apprehensions and prosecutions. The following is a brief recital of efforts exerted by this Bureau to detect, apprehend and prosecute persons practicing unfair business methods showing the different articles infringed upon:

Frustrated lotions, perfumes and other toilet articles. The agents of this Bureau in Manila as well as in the provinces were kept busy apprehending, with the coöperation of the personnel of Vice Consuls Juan P. Llorente and Joaquin Ordo, agents of "Tiem" and "Ayrurgia" products, the illegal sale and distribution of imitation lotions, perfumes and other toilet articles. This unfair trade practice consists in refilling empty containers of well-known brands of perfumes with materials which are not genuine and then reselling them. As a result of the campaign waged by this Bureau

and in the fraudulent practice, our agents were able to get possession of the following imitation bottles of perfumes and lotions.

Tayabas:	Bottles
Totem	20
Maja	33
Hindustan	34
El Rey de Siam	5
Dana	1
Ella	1
Royal Coy	1
Myrurgia	1
Acacia del Botis	1
Gentileza	1
Verbena	1
Nueva Ecija	
Verbena	2
Totem	18
Hindustan	22
Povil	3
Jungla	1
Maja	19
Emma	4
Siete Flores	15
Nagar	1
Divina	1
Manila:	
Verbena	13
Dana	11
Brisas del Oriente	4
Povil	4
Totem	1
Total	218

All the sample of 2 faked bottles of lotions and perfumes mentioned above are either still in the possession of the agents of this Bureau or are being traveled by the owners thereof upon being informed that the sale thereof is a violation of Act No. 3740. No court action was taken against the sellers except one in the case of Uy Hui, a Chinese, who was convicted by a fine of \$200 imposed by the Court of First Instance of Legaspi, Albay. The majority of the sellers were merely warned that a repetition of the offense would mean prosecution in the courts of justice.

2. *Reproducing empty face powders.* As in the case of lotions and perfumes, numerous instances of trafficking in the fake face powders were noticed by our agent. This unfair practice consists in refilling empty cans of well known brands of face powder such as the Mennen and Colgate's Fancien talcum powder with flour or gao-gao sprinkled with cheap perfume and then reselling them as genuine. Some of the samples seized were analyzed by the Bureau of Science and the results showed that the

to agents and was advised to prosecute the guilty parties under Act No. 666, known as the Trade-Mark Law.

4. *Imitation of "Plavia" hair pomade.*—Through the intervention of our agent in Iloilo, Tan Tiongchuy & Co., manufacturer of "Plavia" hair pomade, various cases were brought against a "Red Star" firm for the sale of imitation "Plavia" pomade. In this case was an early trial between the parties before a complaint was filed in the Fiscal Office for this case. In view of the open market, the defendant party never to engage in dealing in imitated Plavia products. As a result of the campaign conducted by our agent in Iloilo against the fraudulent sale of imitated Plavia pomade, the stores in Iloilo and in neighboring towns have continued selling such product.

5. *Selling galvanized iron sheets below specifications.*—In our enforcement of Act No. 750, known as the Galvanized Iron Law, our agents were able to discover instances of galvanized iron sheets imported from abroad the zinc coatings of which are below the legal specifications. Some of the importers dealing in such products Smith Brothers & Co., Datto Har, Sare Store and Co. Ban Lue & Co. Ban Kiao, and Co. Manila were found selling galvanized iron sheets very much below the standard both in the gauge and zinc coating. The sale of such galvanized iron sheets was ordered suspended by this office as the same was in violation of the law. The parcels in question were then returned to the manufacturer or held in the godowns of the importers. In thus suspending the sale of such goods, this office counteracted the efforts of the importers concerned in flooding the country with thousands of galvanized iron sheets of inferior quality.

Three other importers, M. M. Baccan Karsha, Ge Co Lay & Co., and Smeon O. Shan, dealers in "Gutta", "Red Cross" and "Sun" brands of galvanized iron sheets, were also investigated for alleged selling of inferior quality of galvanized iron sheets. After analyzing, however, the samples taken from their stocks, it was found out that the gauge and spelter coatings of the sheets in question were within the tolerance allowed by law, and, therefore, the sale of the same was permitted by the office.

Another brand of galvanized iron sheets, the "Mayan" imported by Datto Hardware Store was found to be in conformity with the requirements of the law as to zinc coating and was allowed to be sold to the public.

In another case, that of Co. Lu-So Hardware, about 400 sheets of galvanized iron were found to be not plainly marked as to gauge and zinc coating and the name of manufacturer, as required by the law. The case was brought to the attention of the Fiscal, and investigation was made in the premises of the dealer. No action was taken against the dealer by the Fiscal beyond merely warning that in case he is again caught selling defective galvanized iron sheets, he would be prosecuted.

6. *Mislabelling of packages of nails.*—Two dealers in foreign-made nails, Jia Hong Hardware and Tong An Hardware, of this city, were investigated for allegedly selling nails with packages not properly labeled in accordance with the requirements of Act No. 3745. After investigation, it was shown that the dealers concerned have complied substantially with the regulations so far as the labeling of the packages was concerned and no action was taken against them.

The owner of the store "La Constancia" in Camiling, Tarlac, was presented and found guilty of violating Act No. 3793 for having sold packages of nails improperly labeled the length and the weight of the nails were not indicated on the label as required by the law. The accused was sentenced by the Court of First Instance of Pangasinan to suffer imprisonment for 35 days having sold his wares in Alangnos, Pangasinan.

Another Chinese in charge of San Narciso, Zambales, was investigated by our agent in Pangasinan, for selling mislabeled packages of nails and the corresponding criminal complaint was filed against him in the justice of the peace court in San Narciso, Zambales.

The other instances of violation of Act No. 3793 were detected in Iloilo, Isabela by our commercial agent in that province. Uy Heng and Lu Yung were found selling nails with improperly labeled packages. The samples were seized as evidence for the prosecution.

7. *Mislabeling of paints* In the course of our enforcement of Act No. 3799, known as the Paint and Paint Materials Law, the office found several violations of the same. The most common offense found referred to the omission of the volume of contents and the true and exact names of the constituents from the labels. Cases of this nature were found in the stores of A. B. Villanueva & Sons, Go Soc & Sons, Inc., where the label on the cans or jars of paints exposed for sale did not indicate either the net weight or volume of the contents or the formula or analysis or both. No court action was taken against the dealers concerned, but they were warned that a repetition of the offense would subject them to criminal prosecution. Subsequent inspections of the premises of said dealer showed that they had complied with the regulations in this respect.

8. *Barbed wire found without labels.*—Another violation of Act No. 3735 was found in the case of 40 coils of barbed wire belonging to David Harte, who were found in the case of the reel were without labels, as required by the law, while the others were with labels but the inscriptions were illegible. Upon investigation it was found that the labels were scratched off from the reel through rough handling during transit, and for this reason no criminal action was taken against the dealer.

9. *Misrepresentation in insect oil.* A case of misrepresentation in insect oil was found in this office when 51 drums of Bonifacio's oil, labeled "Bucco Insect oil" were discovered in theodega of Uy Tit & Co., 20 Rosario, Manila. Upon investigation it was found that the said oil was imported by El A. Kuler from Japan and sold to Uy Tit & Co. It was deceptive in the sense that the ingredients composing the formula indicated, contained no insect oil at all. The importer as well as the dealer were required to delete the words "insect oil" from the label of each drum to which they applied. The importer also promised to instruct the manufacturer in Japan to comply with the law in connection with future shipments of said brand of oil to the Philippines.

10. *Mislabeling of shoes.* Shoes mislabeled as made in the United States and marked "Brooklyn Shoe" and "New American Shoe" were discovered in the "La Favorita" shoe place and "National Shoe Store" in Baclaran, Negros Occidental. Believing this to be an unfair trade practice with a tendency or capacity to deceive or mislead buyers, we had the matter investigated. Our investigation showed that the shoes covered by these two marks are really not of U. S. manufacture, but made by the People's

Shoe Factory of this city. The manager of the said factory admitted that the shoes bearing said marks were manufactured exclusively for the "La Favorita Shoe Palace" and the "National Shoe Store," and that his factory does not sell them direct to the public. With the assistance of the Fiscal of Loilo, our agent in that city was able to induce the manager of the branch store of La Favorita in that place not to sell anymore such kind of shoes, as a result of which, he returned to the People's Shoe Factory 165 pairs of "Brooklyn" shoes.

11. *Falsely stamped shoes*—The shoes frequently stamped "Made in the Philippines" Investigation was conducted by this office of the alleged mislabeling of rubber-soled canvas shoes stamped on the instep with the words "Made in the Philippines," as an instance of a violation of the Fraudulent Labeling Law Act No. 1740. Our investigation disclosed the fact that said shoes were manufactured by "E. Polverini" factory of this city with materials imported partly from Singapore, Basilan, and Japan. The finishing of the rubber by boiling, its setting or correction into soles, the finishing of the canvass by treatment with liquid rubber and other ingredients, and its setting up for the upper parts of the shoes as well as the stamping of "Made in the Philippines" on the insteps were all done in the factory. Under the circumstances mentioned, it was thought advisable to hold in contempt that the stamping of the words "Made in the Philippines" constituted a punishable mislabeling in the sense of Act No. 1740.

12. *Falsely labeled biscuits*—Another instance of alleged violation of Act No. 1740 was investigated by this office in connection with the sale of "M. P. San" biscuits contained in cans marked or labeled "M. V. San & Co., Ltd." by one "Cheng Sek Kiat Lee Poon" of 554 Magdalena, Manila. Evidence secured from the store of Cheng Chay & Co., 121 San Cristobal, and the establishment of A. K. Lim 554 Magdalena, showed that of the three cans marked outside "M. V. San & Co., Ltd.", two contained "M. P. San" biscuits inside. Because of this apparent misrepresentation, the case was brought to the attention of the Bureau of Health for prosecution of the offending party under the Food and Drugs Act, and to the City Fiscal also for prosecution under the Fraudulent Labeling Act. The result, however, was not known as up to the present time we have not heard from the Bureau of Health or the City Fiscal in connection with this matter.

13. *Native hams marked "Hoc Sin"*—During the last pre-Christmas season when Chinese hams of the well-known brand "Hoc Sin" were at a premium, persistent reports that native hams falsely labeled "Hoc Sin" were being sold as Chinese hams to the prejudice of thousands of innocent buyers reached this office. An investigation of the matter was made in the big public markets of the city. The investigation showed that the genuine "Hoc Sin" hams bear on the labels a design representing the map of China, together with the name of the manufacturer (China Ham Manufacturing Co., Shanghai, China) while the native hams bearing the name "Hoc Sin" contain on their labels the picture of a peacock, with the words "Peacock Brand" printed below. The name and address of the manufacturer are not indicated on the wrapper, and this accounted for the difficulty in locating the person or persons responsible for the sale of the same. Further investigation revealed the fact that the manufac-

holder of the native "Hoc Sin" name is one Keng Tao, occupying a stall in the Quinta Market with facade of a 234 China Quajo. The storekeeper, the owner being out at the time, who was interviewed by an agent of this office, did not conceal the fact that hams bearing the name "Hoc Sin" are native and not Chinese. Several grocery dealers selling these two kinds of hams were also found enough to admit that the "Hoc Sin" brand is native, and made no false representation as to its quality. Such being the case, it would seem that this matter does not constitute a violation of the Fraudulent Advertising Act, as the manufacturer as well as the dealers frankly admit that such hams are native and not Chinese. There is even a difference of 20 centavos per kilo between the two brands, the genuine hams commanding a higher price, of course.

15 *Imitation of 'Po Tin Yu' trademark*—Our agent at Iloilo, Iloilo, referred to this office for proper investigation and action a case of imitation of "Po Tin Yu" trademark for medicine. Samples of the genuine as well as the imitation articles, accompanied by advertising literature, were inclosed. The case was referred to the City Fiscal for proper prosecution of the printers of the labels as well as the advertising matter and also of the manufacturer of the "fake" articles. Up to this time we have not heard from the City Fiscal regarding this case.

16 *Alleged mislabeling of goods imported from Japan*—Goods supposed to be imported from the United States but which look more like Japanese goods were reported found in some Japanese stores in Davao by our agent in that place. The store of Takahashi & Co., Inc., 753 Tabara, Manila, was mentioned as one of the stores in Manila carrying such mislabeled goods in stock. An investigation of this store and several other stores in Tabara revealed that the report was without foundation, particularly in the case of Takahashi & Co., Inc. which carries in stock 50 per cent of goods imported from Japan (textiles, rubber shoes, toys, etc.), 20 per cent from the U. S. (handkerchiefs, socks, and toilet articles) and 20 per cent from other countries (utensils, etc.). This was verified from the books and notes which were voluntarily surrendered to the agent who conducted the investigation.

17 *Short weighing sugar*—One of the prevalent unfair trade practices uncovered by this office is in connection with short weighing of goods packed in bags, such as sugar. Our agent in Cebu had occasion to detect this fraud when he entered a grocery store in that city and pretended to buy a bag of sugar supposed to weigh one kilo. On being handed the bag of sugar, he requested the storekeeper to reweigh it, whereupon it was found that the bag weighed only 900 grams, or 100 grams short. The case was referred to the Fiscal for action. The Fiscal called the other grocery owners caught by the agent indulging in this fraudulent practice and instructed them to indicate on each bag the exact weight of the content when offering the sugar for sale to the public. No prosecution was made, but those concerned were warned that a repetition of the offense would be dealt with more drastically.

18 *Alleged adulteration of native vinegar*—An alleged adulteration of native vinegar by certain Chinese dealers was investigated by this office at the instance of a dealer of vinegar from Paombong, Bulacan. The charge was that some Chinese dealers mix water and certain ingredients with native vinegar from Paombong and then reselling it as genuine, with the

ever result the extra-fide dealers in native vinegar were ordered by the Chinese. The allegation appeared to have some truth in it but because of the difficulty in securing evidence against the wrongdoers and as this matter does not properly fall under the jurisdiction of this office but rather under the Bureau of Health, vinegar being a food product, the complainant was advised to bring the matter to the attention of the Health authorities.

10 *Fraud against Moros*.—Unfair treatment of Moro copra sellers by certain Chinese dealers and commission agents was discovered by our agent in Zamboanga. The ignorance of the Moros was taken advantage of by the Chinese dealer and middlemen who posed as friends of the said Moros. This unfair practice consists in cheating the ignorant Moros in the weight of copra, such as for instance, weighing a 100 kilo old weight 1,200 kilos, the middlemen retained at the Moro's 1,000 kilos, and the rest of the difference of 200 kilos is divided equally between the Chinese buyers and the middlemen. By this procedure, the Moros are deprived of the profit which should go to them. Our commercial agent called the Chinese dealer and middlemen to a conference and pointed out to them the unfair practice in which they are engaged and told them that such practice is not tolerated by the Government. After realizing their offense, they promised our agent to be fair to the ignorant Moros in the future.

Difficulties in enforcement.—Acts Nos. 3883, as amended, 3067, and 2952 are merely registration laws and as regards article 186 Revised Penal Code it has been next to impossible for the agents of this Bureau to get evidence that would stand in court. In its written instructions issued to its agents (March 27, 1935) after one year's experience with the enforcement of this article of the Penal Code, this Bureau said:

"Instructions to Agents.—The Office of the Secretary gave us the administration of this law. This law does not however authorize the agents or any other administrative or police officials freely to enter premises and to inspect books, records and stocks of goods. Entrance and inspection can be done only with a search warrant duly issued by a competent judge. Judges are slow in issuing warrants as they affect individual rights guaranteed by the fundamental law. They are never issued except on probable cause and with specification of the particular objects to be searched."

Except for the lack of sufficient personnel, no difficulty has been encountered in the enforcement of Acts Nos. 3525 and 3596, inasmuch as these laws specifically name the Secretary of Agriculture and Commerce as their administrator, give the agents of this Bureau, as his representatives, the right of entry into business establishments for purposes of inspection, and authorize them to get samples for examination, and, if necessary, to confiscate the goods.

With Act No. 3710 it has been different, much difficulty has been encountered in enforcing it. As stated in this Bureau's instructions to its agents of March 27, 1935:

"Instructions to Agents.—This law does not name the Secretary of Agriculture and Commerce as its administrator. Therefore, although the Secretary has given us the duty of enforcing this law,

we have no power of entry or inspection in the premises where violations thereof are being committed. All we can do is to watch out for such violations, report the same to the business men injured by the misrepresentation, or to the police or the fiscals, and co-operate with the latter in bringing the offenders to justice.

"The fiscals have found it difficult to get convictions under this law for the reason that it has been hard to establish sale, offer or exposure for sale and that the accused acted knowingly—this that he knew that the label, container, advertisement and etc., misrepresented the article concerned."

The difficulty of enforcing this law was recognized even by the American Trade Commission, which, in a letter dated March 13, 1933, addressed to the Secretary of Justice on behalf of local American interests, said:

"The present law requires proof that an accused has sold or offered for sale falsely labeled goods, before conviction may be secured (Act No. 8740). The Mennen Company has gone to great trouble and expense in tracing fraudulent users of its name and containers, and has even found people in the act of filling large numbers of Mennen tins with useless or harmful powders, but has rarely been able to secure a conviction as the courts have held that there was no proof of sale. In one such case, an individual caught with a powder filled Mennen tin filed with an imitation talcum powder was fined \$10 for manufacturing without a license, but was freed on the charge of mislabeling on the ground that there was no proof of his intention to sell. The situation is becoming a very serious one and unless some means are found of curbing the activities of these dishonest merchants, most of whom, it appears at first glance, well-known legitimate brands will be actually driven from the market. The fiscals are doing excellent work, but are hampered by the present law."

In 1933, this Bureau sought to remedy this difficulty by recommending to the office of the Secretary for submission to the Legislature a bill amending the act, in the explanatory note of which the following was said:

"In the reorganization of the Bureau of Commerce, the enforcement of all laws regulating business transactions not otherwise entrusted to other Government agencies, was assigned to the said bureau by the Secretary of Agriculture and Commerce. One of these laws is Act No. 8740, penalizing fraudulent advertising and labeling or misbranding of any product, stocks, bonds, etc.

"In order that this law may be effectively enforced by the Bureau of Commerce, it is necessary that ample authority to conduct investigations into the condition of business of all persons, firms or corporations for the purpose of determining whether or not they commit violations of this Act, be granted to the Director of said Bureau. In some inquiries that have been made by the Bureau of Commerce to enforce this Act, the authority of the Director to make such investigations has been questioned. Not only this, but power to summon witnesses to testify and request the production of documents is even doubted.

"In order to clarify the powers of the Director in this respect, and his authority to look into the business practices of persons whom he believes to be violating the provisions of this Act, the attached bill amending the present law is presented."

In 1935 this Bureau made a similar recommendation in connection with National Assembly Bill 1960 when in a memorandum to the Secretary, dated September 19, it said:

"However, in the light of our experience in the enforcement of Act No. 3740, the need for putting more teeth into this law is obvious. In the past, we have encountered difficulties in obtaining evidence for the prosecution of persons dealing in mislabeled or imitated goods, for the simple reason that the law does not provide for the manner under which samples of such 'faked' goods may be obtained. The Fiscal invariably requires our agents to obtain receipts from the sellers showing that such goods have been bought by them. Unless such receipts are produced, the Fiscal refuses to entertain any complaint filed by our agents. As this office is not provided with funds for acquiring such samples needed as evidence for prosecution, and as such samples could not be obtained otherwise, the purpose of the law in stamping out trafficking in mislabeled goods could not be carried out. In the same manner, the law does not authorize our agents to enter premises where 'faked' goods are being manufactured, displayed, sold or offered for sale. Unless authority in this direction is secured to our agents, the law could not be enforced properly. It is, therefore, suggested that the following clause be inserted after the last paragraph of section one of this bill, so as to give the agents of this Bureau the necessary power to enter any establishments or stores where mislabeled goods are manufactured, sold, offered for sale; to secure samples of the same free of charge for purposes of evidence, and to confiscate such mislabeled or fraudulently marked goods or articles:

THE DIRECTOR OF COMMERCE OR HIS DULY AUTHORIZED REPRESENTATIVES SHALL HAVE ACCESS AND INGRESS TO ALL PLACES OF BUSINESS, FACTORIES, STORES AND BUILDINGS SOLD FOR THE MANUFACTURE OR SALE OF MISLABELED OR MISBRANDED GOODS PROHIBITED BY THIS ACT, AND MAY SECURE WITHOUT PAYMENT FROM ANYONE DEALING IN SAID ARTICLES SAMPLES OF EACH CLASS OF GOODS FOR PURPOSES OF EVIDENCE IN THE COURTS. ANY PERSON HINDERING OR OBSTRUCTING THE DIRECTOR OF COMMERCE AND/OR ANY OF HIS DULY AUTHORIZED REPRESENTATIVES IN THE DISCHARGE OF THE AUTHORITY OR DUTY HEREIN CONFERRED OR IMPOSED UPON THEM SHALL, UPON CONVICTION, BE PENALIZED IN ACCORDANCE WITH THE PROVISIONS OF SECTION SIX OF THIS ACT. ANY LOT OF GOODS OR ARTICLES FOUND TO BE MISLABELED OR MISBRANDED, TOGETHER WITH ALL THE PARAPHERNALIA USED IN THE MANUFACTURE OF THE SAME SHALL BE CONFISCATED BY THE GOVERNMENT AND ORDERED DESTROYED."

This Bill subsequently became Commonwealth Act No. 46, but did not embody our proposed amendment. In addition this Bureau drafted and recommended for enactment the Fair Trade Board Bill which failed of passage in the third reading.

The lack of personnel to undertake the enforcement of this law has been another source of difficulty. In Manila there have been only two agents

a a table for zone a trade regulation work, while in the provinces the commercial agents have had their hands over loaded with trade promotion, cooperative marketing and rural credit work.

In spite, however, of all these difficulties, this Bureau, as shown above, produced substantial accomplishments in carrying out its trade plan.

Very respectfully,

CORNELIO PALMACER

Director of Commerce

APPENDIX B

FIRST NATIONAL ASSEMBLY }
First Session }

B. No. 2179

[COMMONWEALTH ACT No. 133]

AN ACT TO AMEND ACT NUMBERED TWENTY-FIVE HUNDRED AND EIGHT, AS AMENDED

Be it enacted by the National Assembly of the Philippines:

SECTION 1 Section eleven of Act Numbered Twenty-five hundred and eight, known as the Rural Credit Law, is hereby amended to read as follows:

"SEC. 11. No member shall directly or indirectly obtain a loan for himself, nor shall he vote on a loan requested by any member of his family natural or legal, or on the liability of any member of his family to any person who owes a debt to him or to any member of his family, nor shall he become a bondman, surety or endorser on any loan contracted with the association.

"Any member of his second shall be punishable by dismissal from office of director when found guilty of such violation and the amounts obtained by him shall become immediately due and payable. In the event of non-payment in full of the obligation so contracted, the offending director may by order of the Director of Commerce, who shall be in charge of the enforcement of the provision of this section be prosecuted before the courts of justice, and if found guilty punished by *carcel* not less than fifty pesos and not more than two hundred and fifty pesos or both by fine and imprisonment in the discretion of the court."

SEC. 2 Section thirteen of Act Numbered Twenty-five hundred and eight, as amended by Act Numbered Forty-seven hundred forty-eight, is hereby further amended to read as follows:

"SEC. 13 In case a borrower is three months in arrears in the payment of the principal or of the interest on any loan, and when it shall be found that the money borrowed by him from the association has been invested for any purpose other than that which was specified in the loan application approved by the board of directors, the entire loan shall be declared by the board of directors due and payable.

"For the collection of any loan due or for the enforcement of any contract or stipulation thereof with an Agricultural Credit Cooperative Association, the Director of Commerce or his duly authorized representative may bring the necessary and adequate action in court, in the name and representation of the association, the provisions of the law to the contrary notwithstanding"

SEC. 5. Section fifteen of Act Numbered Twenty five hundred and eight, as amended by Act Numbered Thirty-seven hundred and forty-six, is hereby further amended to read as follows:

"SEC. 15. The period of duration of the loans shall not exceed one year. That period may be extended for a time not to exceed five years by annual extensions, but such period of duration shall not be considered extended unless the borrower has so requested in writing and the board of directors shall approve the same. *Provided, however,* That the Director of Commerce may in exceptional cases, upon the recommendation of the board of directors, grant further annual extensions, not exceeding five years."

SEC. 4. Section twenty seven of Act Numbered Twenty-five hundred and eight, as amended by Act Numbered Twenty-five hundred and sixty six, is hereby further amended to read as follows:

"SEC. 27. The reserve fund shall consist of a sum set aside by the board of directors from the profit at each annual balance prior to the declaration and distribution of any dividend, which sum shall be not less than twenty per centum of said net profits.

"The reserve fund may be invested in securities or investments to be recommended by the Director of Commerce and approved by the Secretary of Agriculture and Commerce and shall be expended for covering the deficits of the association. *Provided, however,* That not more than twenty per centum of the amount thus set aside may be spent for salaries, the aforesaid amount, after the deduction made for salaries herein authorized, being available only for inspection and supervision, subject to the rules and regulations to be promulgated for the purpose by the Secretary of Agriculture and Commerce, upon the recommendation of the Director of Commerce."

SEC. 5. Section twenty-eight of Act Numbered Twenty five hundred and eight is hereby amended to read as follows:

"SEC. 28. The by laws shall determine the qualifications for membership and the form of admission and expulsion, the form of appeal against a resolution refusing admission, and the form of withdrawal from membership. The death of a member shall be considered a withdrawal from membership.

"Each member shall be a resident of the municipality in which the association is organized, and shall have the reputation in the locality of being honest and industrious.

"Nonresidents may however, be permitted to buy shares in any Agricultural Credit Cooperative Association, but they shall not enjoy the right to borrow money from the said association, nor shall they be allowed to vote in any meeting nor be elected to any office therein.

"Nothing in this law shall preclude any officer or employee of the Government be it national, provincial or municipal, from holding office or being elected to any office in any association or from receiving compensation therefor."

SEC. 6. Section thirty two of Act Numbered Twenty five hundred and eight is hereby amended to read as follows:

"SEC. 32. The directors shall be elected for two years, and two of them shall be renewed each even numbered year and three each odd numbered

year. During the first and before the next election is held in the second year of the association, the directors to be renewed shall be designated by the *Pro-vided* however That no person shall be entitled to qualify for the position to which he was elected, unless his election has been proclaimed by resolution of the Board of Directors and duly certified to the Director of Commerce, who shall confirm said election after thirty days from the date of the receipt of the certification, if no protest formally presented under oath by any full fledged member has been filed in the office of said Director of Commerce within said period of thirty days. The Director of Commerce, upon receipt of a protest against an election, shall cause an investigation to be made of the cause or causes contained in the said protest and in accordance with his findings, issue the necessary order either for the confirmation or the annulment of the election so protested, and in the case of annulment, for the holding of a new election. All elections in any Agricultural Credit Cooperative Association shall be presumed to be legal if no protest has been filed in the manner herein prescribed. The decision of the Director of Commerce on matters of election protests may be appealed to the Secretary of Agriculture and Commerce within fifteen days from the date of the receipt of the notification to the parties concerned, and his decision on the matter shall be final and conclusive.

"It shall be illegal for any person who is actually indebted to the association, or a party in any case in court brought by the association, to qualify for the office to which he has been elected, without first settling his indebtedness, the case without the case against him having been duly terminated."

SEC 7 Section three of Act Numbered Twenty five hundred and eight, as amended by Acts Numbered Twenty five hundred and sixty-six and Thirty seven hundred and forty-four, is hereby further amended to read as follows.

"SEC 7. That thirty days after their election and each year thereafter upon a date to be fixed by the by-laws, the directors shall elect from amongst themselves a president and shall appoint a secretary and other officers as the by-laws may prescribe, the treasurer of the union party where the association is located to act as ex officio treasurer of the association with such compensation as may be approved by the board of directors with the approval of the Director of Commerce. The treasurer of the association shall not be eligible for election as member of the Board of Directors or for appointment to any other office in the association. The Directors and officers shall perform the duties entrusted to them by law or by the by-laws and the rules and regulations promulgated under the law for the government of the association. The Board of Directors shall hold a meeting at least once a month to act upon the corporate business of the association. A majority of the directors shall constitute a quorum for the transaction of the corporate business of the association and every resolution of the majority of the quorum duly assembled in a meeting, shall be valid as a corporate act. *Pro-vided*, That no loan shall be made except by the affirmative vote of at least three members of the board who are entitled to vote thereon subject to the provision of section eleven of this Act.

SEC. 9. Section thirty-four of Act Numbered Twenty-five hundred and eight is hereby amended to read as follows:

"SEC. 34. Any director of the association may be removed for cause from office by the stockholders' general assembly, and by the vote of at least two-thirds of all members present at a regular meeting, or a special meeting called for the purpose upon notification in the latter case to the stockholders of the intention to propose such removal at such meeting: *Provided, however* That the removal of any director from office shall not be effective until after all the proceedings of such removal have been forwarded to the Director of Commerce for review, and the decision of the general assembly of stockholders has been confirmed by the said Director of Commerce. The records of such proceedings shall be forwarded to the Director of Commerce within fifteen days from the date the decision is rendered, and the Director of Commerce may, in the case so warrants, order a reinvestigation of the case, confirm the action or revoke the same. In case of failure of the stockholders to remove any director found guilty, the Director of Commerce is authorized to remove the said director."

SEC. 10. Section thirty-five of Act Numbered Twenty-five hundred and eight is hereby amended to read as follows:

"SEC. 35. The directors shall be jointly and severally responsible for any transaction made in violation of law, the by-laws, the resolutions of the general assembly of stockholders, or the rules and regulations promulgated for the purpose except those who entered a protest at the time when such transaction was acted upon."

SEC. 10. Section thirty-six of Act Numbered Twenty-five hundred and eight is hereby amended to read as follows:

"SEC. 36. The stockholders' general assembly shall be composed of such members owning at least one share of stock, as are entitled to vote in general assemblies of the association and when lawfully constituted, it shall represent all the members. There shall be a regular convention of the general assembly of stockholders at least once each year on the date fixed in the by-laws for the purpose of filling vacancies on the board of directors and receiving the report of the latter on the operations of the preceding year and hearing their recommendations regarding the declaration of the dividend and the distribution of the gains and profits for the same period and for the purpose of transacting other general business of the association. One-half plus one of the stockholders entitled to vote shall constitute a quorum, but if a quorum is not present on the date fixed in the by-laws the stockholders present therein may proceed with the transaction of the business of the association: *Provided*, That no resolution acted upon therein shall be valid until same has been duly certified to and approved by the Director of Commerce, to whom a copy of the minutes signed by all the stockholders who were present, and certified to by the secretary of the general assembly, had been submitted within ten days from the date the said general assembly was held."

SEC. 11. Subsections (1) and (2) of section thirty-eight of Act Numbered Twenty-five hundred and eight are hereby amended to read as follows:

"f) Power of the Board of Directors, procedure for passing resolutions, and manner of recording the same and the protests on the part of any member or members.

"g) Form of organization of the stockholders general assemblies, classes of the latter, manner of calling the same, powers and duties thereof and procedure for passing resolutions."

SEC 12 Section forty one of Act Numbered Twenty-five hundred and eight, as amended by Act Numbered Thirty-seven hundred and forty seven, is hereby further amended to read as follows:

"SEC 4. Agriculture, Credit Cooperative Associations may be dissolved:

"a) Upon expiration of the limit prescribed in the articles of incorporation.

"b) By resolution of the stockholders' general assembly, adopted by two-thirds vote of all members at a special meeting called for the purpose, and with the approval of the Director of Commerce.

"c) On account of bankruptcy or insolvency of the association.

"(d) By order of the Secretary of Agriculture and Commerce and upon the recommendation of the Director of Commerce, whenever it shall appear to the satisfaction of the said officials that the business of said association is being transacted fraudulently or is causing or is liable to cause, injury to the public or to any person whatsoever, or that the said association has been consistently disobeying and is still persisting to disobey the orders of the Director of Commerce and or the Secretary of Agriculture and Commerce or when there is sufficient evidence that the business of said association is being neglected by the board of directors. *Provided*, That the provisions of the Corporation Law regarding voluntary or involuntary dissolution of a corporation to the contrary notwithstanding, the Secretary of Agriculture and Commerce is hereby empowered to issue rules and regulations relative to the manner in which the liquidation of the business of the association dissolved in any case provided in this Act shall be conducted and to designate the Director of Commerce or any of his duly authorized representatives to act as the receiver of the association in liquidation and to attend to the enforcement of this Act. *Provided, further* That any order issued by the Secretary of Agriculture and Commerce dissolving or decreeing the dissolution of any association specified in the preceding subsections, under any of the terms above mentioned shall be made in writing and a copy thereof filed in the mercantile registry of the Bureau of Commerce: *Provided, finally* That the decision of the Secretary of Agriculture and Commerce decreeing the dissolution of any association shall be final and conclusive.

SEC 13 Subsections (d) and (e) of section forty-two of Act Numbered Twenty-five hundred and eight, as amended by Act Numbered Thirty-seven hundred and fifty is hereby further amended to read as follows:

"(d) These associations shall likewise be exempt from the payment of all court and sheriff's fees payable to the Government for and in connection with all actions brought under this Act or to enforce the payment of obligations contracted in favor of the associations.

"(e) The registration of the securities required by the associations for loans upon real estate, property rights, or personal property, or of

the deeds of title to any property acquired by an association in accordance with section fourteen of this Act, or any paper or document drawn in connection with any action brought by the association or with any court judgment rendered in its favor, shall be exempt from the payment of all registration fees payable to the Government."

SEC. 14. An additional subsection to be known as subsection (n) is hereby added to the end of section forty-two of Act Numbered Twenty-five hundred and eight, as amended, to read as follows:

"(n) They shall also be exempt from putting up a bond for bringing an appeal against the decision of an inferior court for seeking to set aside any third party claim. A certification as to entire assets of the association signed by the treasurer and the majority of the members of the Board of Director thereof, showing that the total amount of said assets is not less than the amount of the bond required by the court in similar cases shall be accepted by the court as a sufficient bond, which shall be held primarily liable in case an execution against the said bond be decreed by the court. In such a case, the Director of Commerce shall issue the necessary order for the payment of the legal damages suffered by the appellee or third party claimant, out of the funds of the association, but in no case shall said payment be in any one month more than one-third of its total net receipts.

SEC. 15. Section forty-three of Act Numbered Twenty-five hundred and eight, as amended by Act Numbered Thirty-seven hundred and forty-seven, is hereby further amended to read as follows:

"SEC. 43. It shall be the duty of the Director of Commerce, either by himself or through his agents or deputies, to make propaganda in the provinces for the proper and speedy organization of the associations created and established by this Act, and he shall act as adviser to said associations and shall review and pass upon the by-laws of each association, either approving them, modifying them, or disapproving them in toto. The Director of Commerce shall issue, with the approval of the Secretary of Agriculture and Commerce, the necessary orders and rules regarding the manner in which they shall conduct their affairs and keep their account books and records, the general manner of investing their funds of all kinds and of disposing of their property, and the terms upon which they shall make loans to their members, and likewise the terms upon which they may receive loans and deposits from private or official persons or corporations.

"The opinions rendered and the rules promulgated by the Director of Commerce in accordance with the preceding paragraph shall be binding upon, and enforceable in, every Agricultural Credit Cooperative Association and its members, and can only be reversed by any competent court upon action brought therein by any member.

"Said Director of Commerce shall, either personally or through his agents and deputies, exercise supervisory power over said associations, and at least once every six months, cause an examination to be made of the operations of each association in order to ascertain whether its operations are in accordance with law, the by-laws, or the orders and rules issued by the said Director. In case he finds that any association violates any provision of laws, the by-laws, or the rules and regulations promul-

gated by the Director of Commerce for the government of these associations, he shall give the necessary order to the Board of Director of said association to have the defect promptly remedied, and in case of non-compliance, said Director of Commerce shall, either, personally or through his agents or deputies, cause an investigation to be made of the charges against the persons alleged to be responsible for the violation of the law, the by-laws or the orders and rules governing them, and in accordance with his findings, issue the necessary orders for either the exoneration or the removal of the offending director or directors, and in case of removal from office of any director, shall appoint a substitute or substitutes to serve for the unexpired period or until the next election for directors of the association: *Provided, however*, That the director concerned may appeal from the decision of the Director of Commerce removing him from office, within thirty days from the receipt of notice of his removal, to the Secretary of Agriculture and Commerce, whose decision on the matter shall be final and conclusive.

"For the purpose of the investigation of any irregularity in the operation of an association organized under this Act, the Director of Commerce and/or his duly authorized agents or deputies are hereby empowered to administer oath and to issue *subpenas* and *subpenas duces tecum*, and any officer of the law shall be in duty bound to serve said *subpenas*.

"The treasurer of the province where the association is located and the Auditor General, either personally or through their authorized representatives, shall examine the books and accounts of the treasurer of the association at the same time that his books and accounts as municipal treasurer are examined, or at such other times as the Director of Commerce may request, the result of which shall be reported to the Director of Commerce.

"Any person who shall willfully disregard the orders issued by the Director of Commerce, or his duly authorized agents or deputies, or voluntarily ignore the *subpenas* issued in connection with any investigation made in the operations of any association established under this Act, or any officer of law who shall directly or indirectly maliciously interfere in such investigation with the view to embarrass or in any way obstruct the ordinary course of the same shall, upon conviction by a competent court, be punishable by *arresto mayor*, or a fine of not less than fifty pesos nor more than two hundred and fifty pesos, or both imprisonment and fine, in the discretion of the court.

SEC. 16. This Act shall take effect upon its approval.

Approved, November 6, 1936.



